



**Celtic myth**  
*'I believe that the Ancient Celts were not so much discovered as gradually invented'*

Page I



**The record book**  
*'Jack Nicklaus is way ahead of anyone else - his consistency almost defies belief'*

Page IX

# FT

## FINANCIAL TIMES

JUNE 14 / JUNE 15 1997



**Beh, Mr Postman**  
*'What kind of woman with money to spend on a new suit would choose to do so through the post?'*

Page X



**Snakes alive**  
*'The easy part in cooking a snake is killing it - just snip off the head'*

Page XVIII

# World markets power ahead

## US stocks jump as European bourses reach record highs

By Philip Coggan in London and Nancy Dunne in Washington

The bulls were rampant in the world's stock markets yesterday, as they have been for most of the past two months, taking leading indices to record highs.

Wall Street led the way, as the latest indications of subdued inflation confirmed investors' confidence that the world's leading economies remained firmly fixed on the virtuous path of moderate, sustainable growth.

Fears that the Federal Reserve would need to raise US interest rates when its open market committee meets next month have almost disappeared.

The Dow Jones Industrial Average, which jumped 135 points on Thursday, raced ahead at the start of trading yesterday. At around 3pm in New York, the Dow was about 80 points higher at 7,919.98, 22 per cent above its level on April 11 when its latest rally began.

"It is the best of all worlds for the financial markets. Without an interest rate rise in the US, liquidity will continue to be

pumped into the market," said Mr Ian Hammett, director of European strategy at NatWest Markets in London.

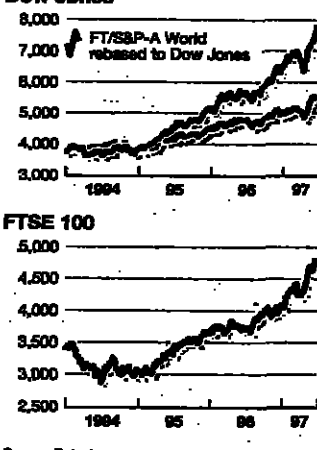
The favourable international background helped most other leading markets.

In the London stock market, which had also been given a lift during the week by takeover speculation - the FTSE 100 index hit a record intra-day high of 4,796 and a closing record of 4,783.1, a 35.7 point gain.

Meanwhile, optimism that European politicians can strike a deal to ensure that a single currency goes ahead buoyed continental stock markets.

Eight European bourses - Amsterdam, Brussels, Copenhagen, Dublin, Frankfurt, Paris, Stockholm and Zurich - hit record highs yesterday. In France, the CAC 40 index contin-

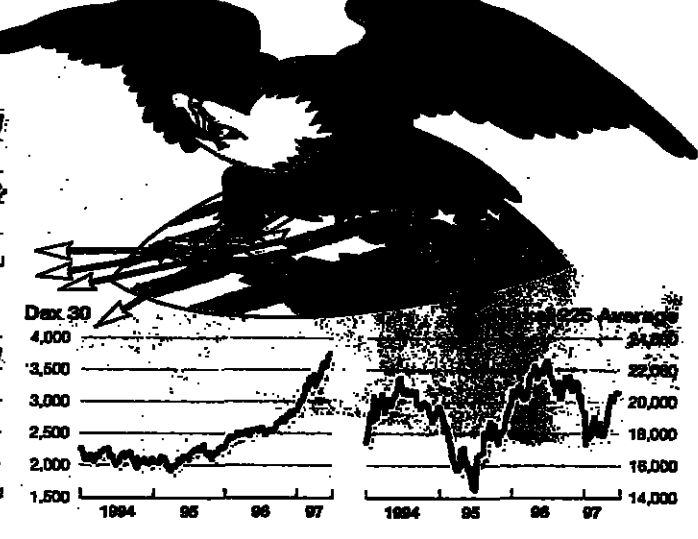
### Wall Street leads the world



ued its post-election rally, gaining 1.7 per cent to close at 2,808.53.

There were continued signs of recovery in Japan. Figures published yesterday indicated that the Japanese economy grew at a brisk 1.6 per cent in the first quarter of the year and by 3 per cent over the year to March.

In the 1970s and 1980s, when the world's leading econo-



mies were growing in unison inflation was not far behind. But there is little sign of it this time.

US wholesale prices fell for the fifth consecutive month in April, the longest series of declines in four decades.

The producer price index, released by the US Labour Department, dropped by 0.3 per cent last month and, in the 12 months ending April, rose only

# France to put jobs at centre of EU summit

By Peter Norman and David Buchanan in Poitiers, France

France's new leftwing government yesterday signalled it would seek to turn next week's European Union summit in Amsterdam into a conference for creating jobs and co-ordinating economic policies as well as for reforming the EU.

The indications emerged as, for the first time in many years, French and German leaders ended one of their regular bilateral meetings without agreeing a joint position before a forthcoming EU summit.

They were also unable to iron out the differences over the management of the planned European economic and monetary union that surfaced this week when France requested time to consider the German-inspired stability pact to enforce fiscal discipline in Emu.

Mr Lionel Jospin, French socialist prime minister, summed up the new mood in Paris when he said: "Our economies cannot develop and meet the needs of the people if they are guided by currency and monetary considerations alone."

Mr Jospin complained that people were "getting short-changed by the EU" and he had therefore submitted proposals for a resolution at Amsterdam to institute closer macro-economic policy co-ordination. That would give more weight to job creation and growth in Emu.

"The thrust of our proposals reflects the pre-occupations of the French people" - who brought his leftwing government to power in the national assembly elections of June 1 - he said.

French officials said that their proposals would leave unchanged the text of the stability pact,

which was agreed at last December's Dublin summit after tortuous negotiations among the EU's 15 member states. But they made clear that Emu, as currently planned, was incomplete and too focused on financial discipline. With 15m jobless in the EU, France wanted other parts of the EU treaty to counterbalance the stability pact.

The French stance triggered concern in the German delegation where it was seen as evidence of a deep philosophical divide between the two countries. While Bonn believes that monetary stability and low inflation form the basis for economic growth and greater employment, officials fear France will seek more jobs through state intervention and could revive its campaign to dilute the influence of the European Central Bank, whose role will be to keep inflation down.

Mr Jacques Chirac, French president, showed sympathy for Mr Jospin's policies. He pointed out that Europe had the slowest growth in the world and rising poverty.

Both France and Germany expressed confidence that agreement would be reached. Mr Helmut Kohl, German chancellor, said he was "certain" there would be a joint solution.

Mr Dominique Strauss-Kahn, the French finance and industry minister, said: "Those who say we have a huge problem are wrong. Those who say we have no problem are wrong. We have a problem but we are going to solve it."

State secretaries from the French and German finance ministries will meet over the weekend to discuss the issues raised.

Editorial Comment, Page 6

# Airlines 'will suffer one accident a week'

By Michael Skapinker in Paris

The world's airlines will suffer a serious accident a week by 2010 unless they take action to improve their safety record, a leading aviation insurer said yesterday.

Mr Richard Maylam, chairman of the Lloyd's Aviation Underwriters' Association, told a Financial Times aerospace conference in Paris that although airline safety had improved significantly over the past 25 years, the increase in air travel meant greater steps were needed to prevent the accident rate rising to

## Insurers warn safety must improve as air travel increases

unacceptable levels. Aviation analysts expect air travel to grow by more than 5 per cent annually for the next 20 years.

Mr Maylam said the figure of one crash a week was based on the existing rate of serious accidents.

He said: "This clearly is totally unacceptable, and, due to the understandably high profile given by the world press to major airline losses, could undoubtedly cause a crisis of confidence

among the travelling public."

He added that more than 70 per cent of aircraft crashes came about because of mistakes made by flight crews. He said insurers were encouraging airlines to use satellite navigation systems to improve safety.

Mr Ted Murphy, deputy president of the International Federation of Airline Pilots' Associations, said the expected increase in the number of accidents by 2010 would "be made worse by

the fact that aircraft will be considerably larger by that time so that the total fatalities and injuries in each accident may, on average, be considerably greater than now."

Mr Murphy said that flight crews in the Pacific and other remote areas had to rely on high-frequency radio which had been used "since the dawn of airborne communications and is unreliable and intermittent."

Although passengers on some

flights could call anywhere in the world from their seats using satellite telephones, pilots did not have these facilities.

Mr Murphy called for regulation and training to be improved in the developing world. He said that while developing countries' carriers accounted for only 12 per cent of flights, they were involved in more accidents than the 88 per cent operated by companies from the industrialised world.

### News General

## Netscape 'ransom' claim

Netscape Communications, the internet software company, says it is being held to ransom by a Danish software developer who claims to have found a security flaw in the latest version of its browser program and is demanding money to reveal it. Michael Miller, editor of US personal computer publication PC Magazine, said the bug enabled a rogue website to read files from the hard disk of a PC without the knowledge of the user. Page 22; Lex, Page 24.

**Transatlantic trade pact:** Agreements with the US and Canada to ease more than \$45bn in annual trade have been announced by the European Commission. Two pacts call for mutual recognition of inspection, testing and certification of information technology and telecommunications equipment, plus the production of pharmaceuticals, medical devices and boats. EU commissioner Sir Leon Brittan said: "It's a remarkable achievement." Page 2.

**Russian pensions pledge:** The Russian finance ministry is on track to fulfil President Boris Yeltsin's ambitious - and emotional - pledge to pay a \$4bn pension backlog by July 1, says deputy finance minister Alexei Kudrin. Paying the overdue pensions would be a significant victory in the Kremlin's effort to convince a weary populace that the economic situation is finally beginning to improve. Page 2.

**Back to the killing fields:** Pol Pot, who presided over the deaths of up to 2m Cambodians during his genocidal Khmer Rouge regime, has apparently returned to his old ways. Co-premier Norodom Ranariddh says the leader of the fanatically Marxist guerrillas, still holed up in the jungles of northern Cambodia, executed his defence chief Son Sen, his wife and their nine children. Page 3.

### News Business

## PacifiCorp bid concerns

Shares fell yesterday in Energy Group, the Anglo-US energy company, amid concerns that Oregon-based PacifiCorp's \$5.94bn offer for the company would be referred to Britain's Monopolies and Mergers Commission. The big US utility announced a recommended 69p (\$11.24) a share cash offer for Energy Group, which comprises the UK's only vertically integrated electricity company and the biggest coal company in the US. Investors will also be entitled to a 54p-a-share dividend, which Energy Group declared when it published its first set of results since it emerged from Hanson and listed on the London stock exchange in February. PacifiCorp's offer represents a premium of 19.9 per cent on Energy Group's share price immediately before news of a possible bid leaked on Tuesday. Page 24, with Lex.

**Deutsche Bank may drop activities:** Germany's biggest bank may shed some of its consumer finance and mortgage-linked savings activities as part of a more selective approach to business. Deutsche Bank chairman Rolf Breuer said such operations could be better carried out by other companies which were more specialised in the electronic processing of bulk business - and Deutsche Bank did not want to remain in areas where it was merely an average player. Page 24.

**New Optus chief:** Optus Communications, Australia's second telecoms carrier which is poised to float on the stock market, announced a management shake-up which will see it install its third chief executive in 18 months. Zsagy Switkowski, 49, who joined Optus from Kodak Australasia in April last year, is resigning to make way for Peter Howell-Davies, chief executive of the UK's Mercury Communications - which owns 24.5 per cent of Optus. Page 23.

**Electrolux shares up:** Shares in Electrolux of Sweden, the world's largest supplier of household appliances, surged another 12 per cent for a two-day gain of 26 per cent, as investors backed the group's far-reaching restructuring plan announced on Thursday. The cutting of 12,000 jobs, or 11 per cent of Electrolux's workforce, has put much-needed firm into the group's stock. Page 23.

**Doubt over GrandMalt deal:** LVMH, the French luxury goods group, cast new doubt on the proposed merger of the UK's Grand Metropolitan and Guinness by starting arbitration proceedings over the planned \$38.5bn deal. The French company said it had submitted a request for arbitration to the Paris-based International Chamber of Commerce. It said it considered the merger a "control event" under the terms of various agreements with Guinness. Page 22.

### Gambling on the internet

At least a dozen online casinos and virtual gambling parlours have sprung up in cyberspace, offering everything from poker to "ponies".

"Nambing" worries the regulators

Page 7

Albania L15,000	Australia \$10,000	Belgium \$10,000	Canada \$10,000
China \$10,000	Denmark \$10,000	France \$10,000	Germany \$10,000
Greece \$10,000	Hong Kong \$10,000	Italy \$10,000	Japan \$10,000
South Korea \$10,000	Spain \$10,000	Sweden \$10,000	Switzerland \$10,000
Taiwan \$10,000	Thailand \$10,000	Turkey \$10,000	USA \$10,000
UK \$10,000	Yugoslavia \$10,000		

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## NEWS: EUROPE

## Rumasa saga ends on sweet note

By David White in Madrid

When the show was over, everybody was invited round to the Ruiz-Mateos place.

After an epic legal saga that began as Spain's biggest corporate crisis, here was Mr José María Ruiz-Mateos, back in his Madrid mansion, playing the dapper tycoon, being gallant with the ladies and handing out chocolates from one of the companies of his reconstructed business empire.

His acquittal on Thursday was the latest surprise in a battle that the 66-year-old businessman has managed to turn into a Punch and Judy performance.

The 14 years since the government seized the Rumasa group have seen him on the run in London, in detention in Frankfurt, under house arrest in Madrid, spending a term in the European Parliament, performing publicity stunts dressed as Superman, and finally appearing for trial in a court of law.

A self-made man twice over, devotee of the lay Catholic organisation Opus Dei and father of 13 children, Mr Ruiz-Mateos was now celebrating victory over what he always saw as Socialist-inspired persecution. News of the acquittal came, he said, on the stroke of the midday Angelus bell.

A newly elected Socialist government swooped on Rumasa in February 1983, fearing its problems could rock the financial system. Over two decades Mr Ruiz-Mateos, starting from a family sherry business, had acquired troubled companies and banks, linked together in a deeply complex relationship. The initial list of companies cited in the expropriation measure, ranging from insurance to construction, omitted many that were later discovered to belong to Rumasa, and included some which, it turned out, did not.

An audit showed accumulated losses of Ptas346bn (\$2.4bn) and social security and tax debts of Ptas44bn. The authorities put the cost of refloating Rumasa companies, sometimes sold off for token sums, at Ptas680bn. Mr Ruiz-Mateos's estimate is Ptas3,000bn.

Although the constitutional court has ruled several times that the government was within its rights, he is seeking compensation. He stood trial with four colleagues in February on two falsification charges for which he was extradited from Germany 12 years ago. The court found there were indeed irregularities - double accounts, window-dressing at Rumasa banks, fake documents and non-payment of taxes. But either it was not clear who the culprits were, or, as the charges were formulated, the irregularities did not constitute criminal conduct as the law now stood. Definitions were changed in a reform by the last Socialist government.

Mr Joaquín Almunia, a member of the cabinet which expropriated Rumasa, commented wryly yesterday that Mr Ruiz-Mateos had ended up being "absolved by a penal code which we invented ourselves".

## Bonn loses battle over its public banks

By Neil Buckley and Lionel Barber in Brussels



Amsterdam Summit

Germany has failed to have an amendment protecting the special status of its public sector banks included in the final draft of the new European Union treaty to be discussed at the Amsterdam summit on Monday.

It had wanted to enshrine in EU law the unlimited state guarantees enjoyed by its public banks,

to protect them from action by the European Commission. Brussels is under pressure from German private banks, which complain that the guarantees give public banks an unfair advantage.

EU officials suggested yesterday, however, that Germany might attempt to reinstate its amendment in the final treaty in return for concessions in other areas - or in a form limited to savings banks, excluding the more controversial Landesbanks.

Alternatively, Germany might seek to extend to its public banks a French-proposed article recognising the special role of "services

of general economic interest" - such as the post office or utilities.

The French amendment has been included in the final draft, calling on EU members and institutions to "take care that [public services] operate on the basis of principles and conditions which enable them to fulfil their missions".

The German and French proposals were two among a sometimes bizarre cocktail of proposed amendments ranging from animal welfare and voluntary services to sport and public broadcasting.

The Dutch presidency accepted the wish-list after national gov-

ernments argued it would foster the image of a "People's Europe" at Amsterdam. But the amendments reflect the power of special interest groups over national governments desperate to avoid a repeat of the debacle over the 1992 Maastricht treaty, which scraped through ratification in Britain, Denmark, France and Germany.

"These people have been beating the hell out of foreign ministers in the past 10 days," said one EU official.

Other European diplomats said that around 30 protocols - which have legal force - and 20 political declarations were still on the table earlier this week.

Among those which have fallen by the wayside are a statement of support for church and religious associations, pushed by Germany and Luxembourg, and provisions supporting cultural homogeneity in national and regional sports teams.

Belgium and Spain, which proposed the sports amendment, were infuriated by the Bosman court ruling which liberalised the football transfer market in the EU. However, a declaration emphasising the "social significance of sport" and calling on EU "to listen to sports associa-

tions when important questions affecting sport are at issue" has made it into the final draft.

A protocol pushed by powerful lobbyists in Belgium with Dutch support, to exempt public service broadcasters from EU competition rules, appears in the final draft but in a watered-down form which competition officials suggested yesterday was acceptable.

Also in the final draft are British-driven provisions on animal welfare, partly triggered by animal rights activists who blocked roads and ports in protest at the transport of livestock for slaughter on the continent.

## Output up 8.2% as Italian economy turns the corner

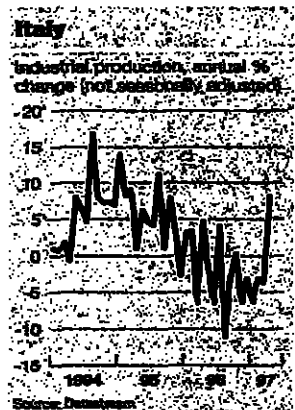
By Robert Graham in Rome

The Italian economy has at last bottomed out but still remains behind the cycle of its main European partners.

The turnaround was apparent yesterday in figures from Istat, the official statistics institute, showing industrial production in April up 8.2 per cent on a year earlier. Average daily output was 3.9 per cent higher.

This was the best performance since the first quarter of 1996. Compared to March, April production was up 0.7 per cent, the fourth consecutive rise since the start of the year. Nevertheless, output in the first four months of the year was 1.4 per cent down on the same period in 1996.

The industrial picture was



foreshadowed earlier this week by the latest bulletin from Confindustria, the industrialists' confederation, which talked of signs of a "timid" recovery in the second quarter. However, the bulletin warned that

demand remained fragile.

The main push has come from the government's incentive scheme, introduced in January, for car owners to trade-in old vehicles. The scheme has encouraged far more people than expected to buy new vehicles, new registrations are up more than 40 per cent this year. In the first five months, a total of 347,000 cars were traded-in for scrapping.

Istat said yesterday that April's industrial production figures showed for the first time the impact of this increased demand for cars, because stocks were being drawn down in the first quarter.

The automotive sector witnessed a jump of almost 15 per cent against April last year. The incentive scheme

ends in September, but if the overall recovery looks patchy, the government may be obliged to extend it.

The government is expecting the economy to grow by 1.2 per cent this year. However, growth was negative in both the final quarter of 1996 and the first of this year, technically placing the economy in a recession.

The government is convinced the worst is now over and that there will be a pick-up in the second half of the year.

Much will depend on whether consumers begin spending and whether exports can gather more steam. On Thursday Mr Antonio Fazio, governor of the Bank of Italy, warned that the government's target of 2 per cent growth for 1998 was on the optimistic side.

## Italy to probe torture claims

By Robert Graham

Italy is setting up a special commission to investigate the abuse of civilians by Italian soldiers during their international humanitarian mission in Somalia in 1993.

President Oscar Luigi Scalfaro is also convening a special session of the supreme defence council next week to examine the role of the Italian military overseas.

The moves have been prompted by the publication of a series of shocking photographs. These included pictures of paratroopers attaching electrodes to a naked Somali man and the rape of a Somali woman while tied to an armoured personnel carrier.

The photographs of Italian soldiers abusing Somalis first appeared last week in Panorama, one of the country's two main weekly magazines. They were taken by a young paratrooper and had apparently been on the market for some time.

The soldier confirmed he was present as colleagues attached electrodes to the testicles of a Somali "under interrogation". He described in detail torture practices, some reportedly on the advice of doctors and officers.

This immediately prompted an investigation by a military magistrate, who has since passed much of the material to a civilian colleague. The defence ministry also announced it was conducting an internal review.

Initial suggestions that the photographs represented isolated behaviour in difficult circumstances during the ill-fated US-led Somali mission have been overturned by a fresh batch published yesterday by Panorama. These, too, were accompanied by grim accounts of torture, including the sadistic rape of a Somali woman using a military flare.

The government is anxious to act quickly to limit the damage. The most important reason is that Italy is currently heading a very difficult military-led mission in Albania while also present in Bosnia.

In Albania, the impartiality of Italian troops towards the local population cannot be called into question or the mission risks being undermined. Italy also prides itself on being "the nice guys" with a light touch in promoting good relations between military and local people during international humanitarian missions.

The affair is forcing the government to take a closer look at the workings of the military, which has always been left to its own devices as a trade-off for being given a low budget and indifferent weaponry.

## EUROPEAN NEWS DIGEST

## US concern over Turkey

Mrs Madeleine Albright, the US secretary of state, yesterday signalled high-level concern about the political crisis in Turkey by saying it was very important for the country to continue "in a secular, democratic way". The US administration was "watching the situation very carefully" as a standoff between the Islamist-led government and the traditionally secular military intensified.

"It's very important that whatever issues are going on there... they have to be within a democratic context with no extra-constitutional approach," said Mrs Albright, in an implicit warning that the US would not welcome direct intervention by the army. Turkey's military has taken over the reins of government several times this century.

US officials acknowledge privately that army intervention would be particularly unwelcome at a time when Nato is embarking on an expansion programme that is supposed to spread western ideas about civilian control of the military.

Bruce Clark, Washington

## Vote backs 'cyber sheriffs'

Germany's multimedia bill, the first attempt by any country to introduce internet "cyber sheriffs" to protect the young against illegal material, was approved yesterday by the lower house of parliament. Mr Jürgen Rüttgers, minister for education, science and technology, said the legislation "created urgently needed framework conditions for the development, marketing and use of multimedia".

The bill has worried some in the industry, particularly foreign companies, because of the responsibilities put on service providers to deal with illegal or corrupting material. The opposition Social Democratic party abstained in yesterday's vote, raising hopes that the bill will be approved by the second chamber of parliament, which it dominates.

Ralph Atkins, Bonn

## Key decision on Iri delayed

The Italian government has had to postpone until next week a crucial decision on the future management and strategy of Iri, the large state holding company. A decision had been due yesterday but serious differences within the government forced a delay.

The treasury is determined to replace the chairman, Mr Michele Tedeschi, whose three-year mandate expired yesterday, with a chief executive who will accelerate the sell-off of Iri's assets. But Mr Romano Prodi, prime minister and a former Iri chairman, is reluctant to remove him. Mr Tedeschi himself has ruled out a compromise under which he would have a more limited brief with a short mandate.

Robert Graham, Rome

## Albania signs oil deal

Albania has signed its first oil exploration agreement with a foreign company since civil unrest swept the country in March. The deal was signed in London on Thursday by Mr Kasriot Shylla, the mineral and energy resources minister, and representatives from the UK explorer Premier Oil and the Hungarian oil company MOL. It covers an area in the south of the country.

Mr Shylla said most foreign oil operations in Albania remain suspended, although ENA, the Croatian oil company, was continuing to drill in an exploration area near the capital Tirana. He said domestic oil production was gradually returning to normal. Daily output had reached about 80 per cent of the 1,100 tonnes a day recorded before the troubles. Only one oil field, Dorisht-Kocul, in southern Albania, remained outside government control. Timing of the second offshore licensing round will not be known until after the election on June 29.

Robert Corzine, London

## Spanish inflation rate at 1.5%

Spain's slowing inflation rate passed a new landmark in May with a year-on-year figure of 1.5 per cent, dropping below the rate in Germany for the first time in memory. The May figure, reflecting a fall in food prices since the beginning of the year, was less than half the rate at the end of 1996 and took Spain more comfortably inside the qualification range for the European single currency. The Spanish performance compared with Germany's year-on-year rate of 1.6 per cent in May, up from 1.4 per cent in April.

A monthly consumer price increase of 0.1 per cent brought the year-on-year rate down from 1.7 per cent the previous month. A year previously, Spanish inflation stood at 3.8 per cent.

David White, Madrid

## Long wait for pensions nears end in Russia

By Chrystia Freeland in Moscow

The Russian finance ministry is on track to fulfil President Boris Yeltsin's ambitious and emotional vow to pay a crippling \$4bn pension backlog by July 1, a senior official said.

Paying the overdue pensions, whose delay has reduced millions to poverty, would be a significant victory in the Kremlin's effort to convince a weary populace that the economic situation is finally improving.

The pay-off, which the government hopes to achieve largely by squeezing taxes from the country's biggest corporations, would also help persuade doubters that the reform team brought into the cabinet in March was beginning to resolve Russia's public finance crisis.

"We will definitely pay our Rb23,000bn (\$4bn) pension debt by July 1," said Mr Alexei Kudrin, the deputy finance minister, who is closely allied with Mr Anatoly Chubais, Russia's first deputy prime minister and architect of the country's market reforms.

The government has repeatedly broken promises to pay the pension backlog. But Mr Kudrin's pledge has greater credibility because

his ministry has a clear idea of how it will collect the required billions over the next two weeks.

The biggest contributor, Mr Kudrin said, would be Gazprom, Russia's natural gas monopoly, a company which has often seemed more powerful than the state itself. But Mr Kudrin was "absolutely certain" Gazprom would complete paying off a \$1bn tax debt by the end of next week.

He warned that the company's management, which has already largely missed a June 10 deadline, would face serious penalties if they failed to make the payment. Adding to the government's leverage is a Gazprom shareholders' meeting, scheduled for June 28, at which the state, as owner of a 40 per cent stake, could apply significant pressure.

Before the end of the month the finance ministry also expects United Energy Systems, the national electricity company, and the rail ministry to each contribute Rb1,000bn in tax payments to the federal kitty.

From further afield Mr Kudrin is counting on international financial institutions and foreign investors to pay a part of the pension bill. Funds are also expected to flow from the World Bank and a eurobond offering.

More broadly, Mr Kudrin said the government was making progress in improving tax collection, although revenues so far this year had been 35 per cent below budget expectations. Collection had been 50 per cent higher in the second quarter of the year than in the first.



A Croat cycles past a Tudjman election campaign poster in the capital, Zagreb

## Tudjman heads for new term

Mr Franjo Tudjman is expected to sweep aside an ineffectual opposition and win another five-year term in Croatia's presidential election tomorrow. This is despite accusations of corruption and abuse of power levelled against his governing Croatian Democratic Union, writes Guy Dinmore in Belgrade. Open US criticism of Mr Tudjman for his government's failure to ensure the peaceful reintegration of Serbian refugees is thought more likely to boost his prestige in the eyes of a fiercely nationalist electorate.

While Mr Tudjman, 75, is confident of securing well over the necessary 50 per cent of votes in the first round, doubts surround his health following his treatment for stomach cancer in the US last year. Opposition politicians are manoeuvring in anticipation of the fresh elections that would be held in the event of the president's death or incapacity.

Mr Tudjman, known as the "Father of the Nation" who rebuilt Croatia with sweeping pro-market reforms after the 1991 war of independence, is challenged by Mr Vlado Gotovac, a poet and former nationalist dissident who leads the Social Liberal party, and Mr Zdravko Tomac, a former Communist and deputy leader of the Social Democrats.

## Brussels hails agreement with US and Canada over technical standards

## Pacts set to boost transatlantic trade

By Sander Thoenes in Brussels

Long-awaited agreements with the US and Canada to cut red tape and ease more than \$45bn in annual trade have been announced by the European Commission.

The two pacts call for mutual recognition of inspection, testing and certification of information technology and telecommunications equipment, production of pharmaceuticals, medical devices and leisure marine craft.

Technical standards have become the main barrier to trade since the reduction of trade tariffs and are used at times for protectionism rather than for meeting safety concerns. High tech-

nology products such as computers and mobile phones rapidly become obsolete, making duplicate testing a significant cost factor.

According to industry estimates, the accord with the US could save telecoms and information technology businesses \$1.37bn a year.

"It's a remarkable achievement," said Sir Leon Brittan, the EU commissioner who negotiated the treaty. "It will make existing business cheaper and encourage companies to expand into new markets and new products."

Sir Leon credited US and EU industries, united in the Transatlantic Business Dialogue 18 months ago, with breaking a deadlock on health products in talks last year. "They came up with

the common view on what priorities should be," he told the FT.

The agreement with the US, to be initiated next week, requires approval from the EU Council of Ministers but not from the US Congress. The accord with Canada was initiated earlier this month.

Rather than harmonise standards the two pacts allow industries to have their products tested for both EU and North American standards in one country. Cars had been excluded from the very start, as strong protectionist trade barriers and widely diverging safety standards made agreement on this issue unlikely.

The deal has taken three

years to conclude. Sir Leon blamed delays in part on objections from the semi-independent US Food and Drug Administration against devolution of its authority for testing goods. In a compromise, the FDA will retain a limited right to inspect European certifications for health products.

Unlike Canada, the US also requested a limit on a range of medical devices covered under its agreement. High-risk equipment such as heart pacemakers and kidney dialysis machines are not included.

"The Europeans conceded more, without a doubt," said Mr Egid Hilz, a consultant for the European negotiators on medical devices. "There was a lot of political pres-

sure." But, he added, European companies would also have been the most disadvantaged by the status quo, given that most current US procedures are tougher. A recent EU report shows market shares for EU information technology and communications falling, while the US share, already larger, is rising.

Sir Leon rejected that argument, saying that the trade-off was rather acceptance of a European proposal that could easily incorporate additional sectors, rather than separate sector agreements as the US had proposed. "I was not prepared to accept second best, and that's why it took such a long time," he said.

**PLACER DOME INC.**

**Rex McLennan**

The appointment of Rex McLennan to the position of Senior Vice-President and Chief Financial Officer of Placer Dome Inc. is announced by John Wilson, President and Chief Executive Officer. Mr. McLennan, 45, was Vice-President and Treasurer of a B.Sc. graduate in mathematics and economics from the University of British Columbia with an MBA from McGill University, he joined Placer Dome in 1991 after 11 years with a multi-national oil and gas company.

**Steve Smith**

The appointment of Stephen J. (Steve) Smith, 43, to the position of Vice-President and Treasurer is announced by Mr. McLennan, effective June 1, 1997. Mr. Smith was Director, Treasury Operations, including Placer Dome's global hedging programme. He joined the Placer Dome Group in Sydney, Australia, in 1990 and moved to the corporate office in Vancouver in 1992 as Director, International Precious Metals Marketing. As Treasurer, he will be responsible for corporate finance, treasury operations, risk management and insurance, and group taxation.

Placer Dome is an international gold mining company based in Vancouver, Canada.

**FINANCIAL TIMES**  
Published by The Financial Times (Europe) GmbH, Niederungstrasse 3, 40318 Frankfurt am Main, Germany. Telephone: +49 69 150 830. Fax: +49 69 596 4481. Registered in Frankfurt by J. Walter Berndt, Wilhelmstr. 1, 60331 Frankfurt am Main. R.A. Nord, Editor. Telephone: +49 69 150 830. Fax: +49 69 596 4481. Deputy Chairman, The shareholder of the Financial Times (Europe) GmbH is Pearson plc, registered at the same address.

**GERMANY:**  
Responsible for Advertising content: Colin A. Kennedy. Printer: Hiltner International Verlagsgesellschaft mbH, Adminal-Reschenstr. 24, 42535 Neuhausen RN. F-9100 Remscheid. Editor: Richard Lambert, do The Financial Times Limited, Number One Southway Bridge, London SE1 9PL.

**FRANCE:**  
Publishing Director: P. Marvillat, 42 Rue La Boétie, 75008 PARIS. Telephone: (01) 3776 8234. Fax: (01) 3776 8235. Printer: S.A. Nord, 157, Rue de Caen, F-91000 Remscheid. Editor: Richard Lambert, do The Financial Times Limited, Number One Southway Bridge, London SE1 9PL.

**SWEDEN:**  
Responsible for Advertising: Hugh Conway, 618 6088, Printer: AB 2. Millersgatan, Expressen, PO Box 6007, S-200 06, Stockholm.

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Public banks

US concern over Turkey

Not to be confused with

Not to be confused with

Not to be confused with

Spanish

trade

Head of former genocidal regime alleged to have executed military chief and family

## Troops sent north as Pol Pot 'takes flight'

By Ted Bardacke  
in Bangkok

Cambodia's government sent 2,000 troops to the Khmer Rouge's northern stronghold yesterday amid reports that the genocidal Maoist movement was tearing itself apart.

Pol Pot, the fanatical Khmer Rouge leader who presided over the deaths of up to 2m Cambodians in the late 1970s, was said to have returned to his murderous ways, slaughtering his defence chief Son Sen, his wife and their nine children.

According to Prince Norodom Ranariddh, Cambodian co-premier, the Khmer Rouge leader crushed their



Pol Pot 'crushed heads'

heads with a pick-up truck. The catalyst for the latest troop movements was the prospect that Pol Pot's rebel

group - still holed up in the jungles in the north - may finally be collapsing.

Secret negotiations, facilitated by Thailand between the Cambodian government and the nominal Khmer Rouge leader, Khieu Samphan, to end more than three decades of fighting, had reached an advanced stage with Pol Pot's blessing, diplomats say.

Suddenly the negotiations stalled.

A condition for surrender was that Pol Pot and Son Sen would be allowed to go into exile. But no one wants to play host to Asia's most notorious ex-dictator, at least not publicly. Rumours that they would live out their days in Thailand or

China, both of which supported the Khmer Rouge until a few years ago, have been denied.

North Korea, through the intervention of Cambodian King Norodom Sihanouk, whose personal protection force is a phalanx of North Korean commandos presented to him by the late Kim Il Sung, could have been a possibility.

But dictatorial politics being what they are, King Sihanouk, now convalescing in his Beijing residence, does not enjoy the rapport with Kim the son as he did with Kim the father.

According to Prince Ranariddh, a man who has been known to spin a tale, Pol Pot accused Son Sen of wanting

to try to make a better deal with Cambodia's other prime minister, Mr Hun Sen, who is known in Khmer Rouge circles as "the one-eyed Vietnamese puppet".

This was apparently enough of a betrayal to prompt the mass execution reported by the prince.

If the prince is to be believed, fighting between groups loyal to Pol Pot and Son Sen has now erupted in the Khmer Rouge stronghold of Anlong Veng, with Pol Pot kidnapping Khieu Samphan and heading off into the jungle with 200 of his most trusted supporters.

The conflict mirrors the fighting that goes on between Cambodian government forces controlled by

Prince Ranariddh and Mr Hun Sen.

"I would like to inform you that Khmer Rouge problems in Anlong Veng are reaching a level of complexity that we cannot understand," Prince Ranariddh said.

One Asian diplomat suggested that these intrigues and plots could actually serve as a smoke-screen for the negotiated escape of Pol Pot and friends to Pattaya, the Thai beachside resort notorious for harbouring international criminals, where Khmer Rouge leaders winned and dined throughout the 1980s.

"That's the best place, because this all sounds too fishy," he said.

## China sacks bankers for speculating

By James Harding  
in Shanghai

The Chinese government has lashed out at several leading financial institutions, sacking managers and barring some securities firms from the stock markets as punishment for illegal share speculation.

The People's Bank of China, the central bank, has ordered the dismissal of some of the most senior figures in Chinese finance after an investigation disclosed that a number of banks and brokerages were involved in systematic breaches of banking law to fund speculative share buying.

Beijing also confirmed yesterday that the head of the China Securities Regulatory Commission had been replaced, an indication of how frustrated the leadership has become with the CSRC's ineffectual attempts to rein in what they see as overheated markets.

The crackdown on the Shenzhen Development Bank, China's only domestically listed bank, and three of the leading brokerages in China comes just a week after Beijing prohibited state banks from investing in the stock markets in a bid to cool speculation.

The central bank issued a statement saying the Shenzhen Development Bank and its president had been "severely punished for violating securities market rules".

The announcement, carried on the front pages of China's official newspapers yesterday, said the Shenzhen Development Bank had used ¥31.1m (\$37.5m) to speculate on its own stocks between March 1996 and April this year, illegally making ¥90.3m.

Mr He Yun has been

forced to step down as president and denied access to the financial and securities markets for five years.

The bank has been fined and illegal profits confiscated.

The authorities have also removed the president of Shenyin & Wanguo Securities, China's largest brokerage, as well as the heads of two other leading firms, Haitong Securities and China Everbright Securities, for illegally obtaining funds from banks to trade in the stock markets.

The brokerages have been fined and suspended from stock trading for a year.

The firms used the funds to speculate in some of the most prominent stocks on the Shanghai market - Shanghai Lujiazui Finance and Trade Zone Development, Shanghai Petrochemical and Shenzhen Nanyou Property Development.

The chairman and chief accountant of Guangshen (Guangzhou-Shenzhen) Railway Stock, a Hong Kong listed company, were also dismissed, following an investigation which found that the company illegally redirected a ¥300m investment into stock speculation.

Another victim of the cull was the head of the Shanghai branch of the Industrial and Commercial Bank of China.

Mr Shen Ruolei, president of ICBC Shanghai, was dismissed after illegally lending more than \$1bn to local securities firms to speculate in stock markets.

Separately, the CSRC told Reuters that Mr Zhou Zhengping, chairman of the Securities Commission of the State Council, had replaced Mr Zhou Daojiong, former CSRC head.

Irish president expected to be outspoken critic of abuses

## Robinson to lift profile of UN's human rights work

By Frances Williams  
in Geneva

Irish President Mary Robinson, newly appointed United Nations Commissioner for Human Rights, is expected to be a far more outspoken critic of abuses than her predecessor, Mr José Ayala Lasso.

Mr Ayala Lasso, a cautious career diplomat who left in March to become Ecuador's foreign minister, came in for harsh criticism for his low-profile approach which produced meagre results.

But Mrs Robinson, formerly a prominent human rights lawyer who has made support for human rights a feature of her presidency, has no powers against human rights violations other than moral suasion, had publicity and the ear of Mr Kofi Annan, UN secretary-general. The 1993 UN general assembly resolution that created the post refused to give the high commissioner investigatory powers after objections from developing countries.

Nor does she have control over the UN Human Rights Commission, the 53-nation body that meets for six weeks each spring in Geneva to scrutinise human rights around the world. It is the Commission, not the high commissioner, which has the authority to appoint special investigators or despatch missions.

At the same time, Mrs Robinson, who has never held an important executive post, also has the task of streamlining the disparate UN human rights machinery and supervising the cash-strapped Geneva centre which runs the UN's field operations.

But she will start with two big advantages over her predecessor. First, she has been given full authority over the centre. Mr Ayala Lasso, by contrast, was forced on his



Mrs Robinson: her only powers against human rights violations are moral persuasion, had publicity and the ear of Mr Kofi Annan, UN secretary-general

appointment in 1994 into an uncomfortable "cohabitation" with the existing director, Mr Ibrahim Fall, a former Senegalese foreign minister.

Squabbling between the two hindered badly-needed restructuring efforts and blurred the lines of responsibility. Earlier this year Mr Fall was shifted to the political affairs department at UN headquarters in New York.

The new commissioner's second advantage is that when she takes up her post later this year the painful restructuring of the centre will have been completed by Mr Ralph Zacklin, deputy UN legal counsel, who was parachuted in on Mr Ayala Lasso's departure and is due to return to New York next month.

The centre set up originally to service the various human rights bodies - the

Human Rights Commission and the committees dealing with specific UN human rights conventions such as the rights of the child or torture - has been reorganised to cope with proliferating demands for human rights action on the ground.

One of Mr Ayala Lasso's acknowledged achievements was to establish human rights monitoring operations in countries such as Cambodia, El Salvador, Rwanda, Bosnia, and to set up human rights offices in 12 countries including Burundi, Congo, formerly Zaire, the former Yugoslavia and most recently Colombia.

But the centre and its field operations remain understaffed and underfunded. With 150 staff, it has a budget of just \$85m a year which is matched by voluntary contributions. Each new activity - such as the planned mission to Congo to investigate

massacre reports - involves a whip-round of donor governments for cash.

Dealing with the Human Rights Commission, Mrs Robinson's joint master with the UN secretary-general, will also be problematic.

Human rights groups say the Commission, comprising government-nominated experts, is too dominated by political considerations, enabling countries with political and economic clout like China to escape censure.

Meanwhile, some developing countries claim the Commission is too imbued with western notions of human rights which put the rights of the individual above economic and social rights.

Navigating her way through this diplomatic and administrative minefield, while establishing a clear vision of UN human rights priorities, will test Mrs Robinson's qualities to the limit.

### INTERNATIONAL NEWS DIGEST

## US tax cuts are approved

An \$85bn tax-cutting package was approved yesterday by an influential committee of US legislators but its chairman, Mr Bill Archer, suffered a setback over plans to tax businesses, including casinos, on Indian reservations.

The ways and means committee approved the package as President Bill Clinton signed into a law an \$8.9bn disaster relief programme after successfully persuading the Republicans to remove extraneous amendments.

The committee rejected a proposed federal tax on gaming in tribal lands, which raised sensitive constitutional issues, and decided instead to raise fees on the arrival and departure of international flights by more than expected.

The fee, currently \$6 per passenger, will rise to \$15.50 instead of \$10 as Mr Archer, a Texas Republican, had suggested. As approved by the committee, the tax-cutting bill retains the controversial abolition of the subsidy on ethanol, a corn-based fuel. The 54 cent-per-gallon subsidy has been strongly opposed by the oil lobby but supported by farmers.

Bruce Clark, Washington

## Jerusalem vote is criticised

Arab leaders have sharply criticised the US House of Representatives' decision to affirm Jerusalem as the undivided capital of Israel and provide \$100m for its embassy to be relocated from Tel Aviv to Jerusalem by May 1999. King Hussein of Jordan and President Hosni Mubarak of Egypt said the US vote could escalate tension and complicate the crisis in the peace process, at a standstill since March when Israel started building a settlement at Har Homa in east Jerusalem.

King Hussein, attending the International Labour Organisation's annual conference in Geneva, said it was "very sad, very unfortunate that such a decision should have emanated from the United States at this particular point in time. To prejudice the issue in this way is not very constructive".

The future of Jerusalem is supposed to be left until the final status talks. With the exception of Costa Rica and El Salvador, all embassies are in Tel Aviv as the international community has never accepted Israel's annexation of East Jerusalem.

President Bill Clinton said the vote, 406-17, would hurt the peace process between Israel and the Palestinians. But diplomats said the Clinton administration was fast losing credibility as an honest broker in the Israeli-Palestinian peace talks, given its recent refusal to support a UN resolution condemning the Har Homa settlement.

Judy Dempsey, Jerusalem

## Palestinians to get \$33.5m

The World Bank has agreed to allocate \$33.5m to the Palestinian Authority for water, sanitation, legal development and a programme for Palestinian expatriate professionals. In addition, final approval for a \$90m replenishment of the World Bank's \$230m Trust Fund for Gaza and the West Bank, from which the bank's projects in the region are funded, was also agreed.

During a meeting, donors expressed concern that some of their contributions may have been misappropriated following a report by the Authority's auditing and monitoring department of alleged squandering of \$326m in public funds last year. The World Bank said it was waiting for the outcome of an investigation ordered by Mr Yasser Arafat, the Palestinian leader.

Judy Dempsey

## Super jumbo 'too expensive'

US Pacific turned down a proposal from Boeing of the US to build a 550-seat "super jumbo" because the planned aircraft was too small and too expensive to operate, Mr David Turnbull, managing director of the Hong Kong-based airline, said yesterday.

Mr Turnbull told the FT aerospace conference in Paris that he wanted a 650-seat aircraft to fly from Hong Kong to Japan, the US west coast, London, Frankfurt, Sydney, Singapore and Bangkok. He said such an aircraft would have to be 15 per cent cheaper to operate, per mile per seat, than the existing 400-passenger Boeing 747-400. He said the 550-seater Boeing was offering would have been 8-10 per cent cheaper to operate.

Boeing shelved plans to build the 550-seater earlier this year on the grounds that there was insufficient demand from airlines. The US manufacturer said this week that it was considering building a 480-seat jet instead. However, Mr Turnbull predicted that both Boeing and Airbus Industrie, the European consortium, would eventually build aircraft larger than this.

Michael Skapinker, Paris

## Japan unveils Big Bang plans

The Japanese government yesterday unveiled a blueprint for the reform of financial markets that provides the first timetable for its "Big Bang" deregulation programme.

The sweeping reforms call for the removal of barriers between banks, brokers and insurers to boost competition and bring Japan's markets into line with global standards. The timing is faster than many participants had expected. Although Japan's prime minister, Mr Ryutaro Hashimoto, had pledged to implement the programme by 2001, yesterday's proposals envisage most of the change occurring within the next two or three years. By April 1998, for example, brokerage commissions for transactions over ¥50m (\$431,000) will be liberalised, with complete liberalisation planned during 1999.

During fiscal 1999 the limits on the range of business activities by securities firms' trust bank subsidiaries and banks' securities units will also be lifted. Restrictions on the design of derivatives products will be lifted in 1999.

Gillian Tru, Tokyo

## Japanese to attend HK event

Mr Ryutaro Hashimoto, the Japanese prime minister, yesterday announced that Japan will attend the inauguration of the new Hong Kong government, despite a boycott by the US and Britain.

Japan's decision, after several days of agonising by the foreign ministry, is the latest example of an independent Japanese policy on relations with Hong Kong following the handover from UK to Chinese rule at the end of the month.

William Dawkins, Tokyo

## Malaysia's trade swings into steep deficit

By James Kynge  
in Kuala Lumpur

Malaysia announced a hefty trade deficit for the month of April yesterday as exports declined sharply for the first time this year. The news drove the stock market down by 2 per cent and put selling pressure on the ringgit.

The deficit totalled M\$2.1bn (\$340m) after a M\$1.75bn surplus in March. Exports dropped 16.2 per cent month-on-month to M\$15.7bn, mostly due to falls in oil and commodity exports. Figures for the all-important electronics sector were not supplied.

Imports rose 5.1 per cent to M\$17.8bn, mainly due to purchases of aircraft, ships and floating structures for the oil industry. Imports of capital goods are expected to remain strong this year, analysts said.

Economists said that although one month's figures were insufficient to make a judgment on a general trend, the fall in exports added new concerns to an already worsening outlook. Many economists are forecasting a modest slowdown for the economy later this year and in 1998, and there is much debate over to what extent a property glut which is expected to materialise

next year will depress the wider economy.

The country's trade deficit, an important component of the larger current account deficit, has been seen as a key barometer of economic health. The current account deficit last year narrowed to M\$1.8bn, or a relatively safe 5.5 per cent of gross national product, from M\$1.85bn, or 9 per cent - considered a worrisome level.

The cumulative deficit for the first four months of the year was M\$109.5m, a substantial improvement over the M\$1.6bn deficit in the same period of 1996. However, some fear that if the yen - in which many Malay-

sian imports are denominated - appreciates, the trade deficit could widen later in the year.

Uncertainty over the trade figures was compounded by news that the central bank, Bank Negara, held one-to-one talks with the heads of Malaysia's major banks. No statement was issued as to what was discussed, prompting much speculation that the bank may have been concerned over the impact that the trade figures would have on the ringgit.

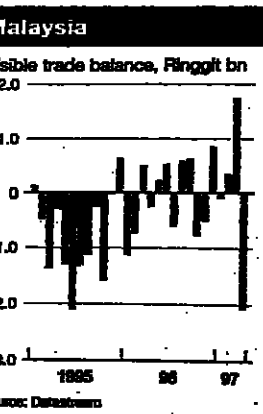
The currency bore up quite well, although dealers say it encountered significant selling pressure. At the

end of the day it was trading at M\$2.513. The main stock index fell 22 points, or 2 per cent, to 1,078.39 points.

Another sign that growth may be moderating came in the form of weak investment approvals for foreign and local manufacturers in the first quarter.

Approvals fell by 61.5 per cent to M\$3.9bn in the first three months of the year, compared to the same period in 1996, official figures show. Approvals for the whole of 1996 amounted to M\$34bn, one of the best years on record.

Economists said that a single quarter of approvals could not be taken as herald-



ing a trend, but some said the figures were nevertheless a cause for concern.

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## NEWS: INTERNATIONAL

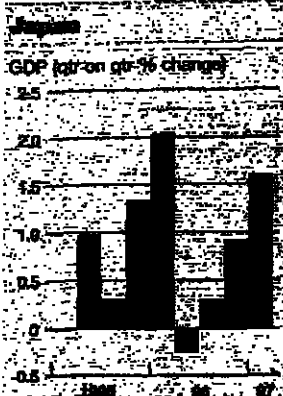
# Spending rush lifts Japanese growth

By William Dawkins in Tokyo

A consumer spending rush to beat a sales tax rise in April helped the Japanese economy grow by 1.6 per cent in the first three months of 1997, against last year's opening quarter.

The growth was slightly faster than the markets had expected, bringing the rise in GDP for the fiscal year to March to 3 per cent, half a percentage point above the government's target.

The data, released by the government's Economic Planning Agency yesterday, are likely to be used by Mr Ryutaro Hashimoto, prime minister, to try to counter criticism at next week's Group of Seven summit in Denver that Japanese growth is too reliant on



exports, rather than domestic demand. Growth in the first quarter hit an annualised rate of 6.6 per cent, up from 3.5 per cent in the last three months of 1996.

However, Tokyo econo-

mists do not believe a rise in the Bank of Japan's official interest rate is imminent.

The rate, at a record low, has been held at 0.5 per cent since September 1995. Inflation remains non-existent, with the GDP deflator, an indicator of prices, at zero.

"This confirms that the economic recovery is increasingly sustainable, but the Bank of Japan should not be in any hurry," said Mr Jasper Koll, head of economic research at J.P. Morgan Securities Asia.

Economic growth is widely expected to have eased since March, as the rise in sales tax from 3 per cent to 5 per cent hits consumers' pockets. This has already been confirmed by a fall in household spending in April, after the closure of the first quar-

ter GDP account.

Nevertheless, most private sector economists believe Japan can exceed its official target of 1.9 per cent expansion in GDP in the current fiscal year.

More optimistic forecasters, such as Mr Richard Warner, chief economist at Jardine Fleming Securities in Tokyo, believe growth could be as high as 2.5 per cent in the 12 months to next March. Within the first quarter's 1.6 per cent growth, domestic demand contributed 1.5 per cent.

Net exports accounted for the remaining 0.1 per cent, the first signs of an overseas sales drive which produced a controversial rise in the April trade surplus, announced earlier this week. Private consumption, rep-

resenting 80 per cent of the economy, rose by 4.6 per cent in the opening quarter, compared with last year's period, more than twice as

**Data may be used to counter criticism that economic growth is too reliant on exports**

fast as in the previous three months. Other components, however, point to slightly less robust expansion.

The decline in public sector investment, for example, accelerated sharply to 18.9

per cent in the three months to March, a consequence of the run-down of earlier fiscal stimulation packages.

Growth in residential investment eased to 5.4 per cent, less than a third of the rate in the previous quarter. Corporate capital investment stayed roughly unchanged at 6.5 per cent, although this was high enough to support general growth late in the year and was unlikely to be hit by the tax rise, said Mr Warner. But overall, fixed investment fell 1.5 per cent, after advancing 5.8 per cent in the previous quarter.

"The autonomous components of growth are weak and tax hikes will hit real consumption," warned Mr Robert Feldman, director of economic research at Salomon Brothers Asia.

## Plan to widen tax base in Pakistan

By Farhan Bokhari in Islamabad

Pakistan yesterday announced reforms to widen the country's small base of taxpayers but warned that public expenditure would have to be kept on a tight leash during the coming financial year.

Mr Sarfraz Aziz, the finance minister who was presenting his government's first budget to parliament, warned of the growing cost of servicing government debt.

"In the past four years our foreign debt has grown 40 per cent and the government's rupee debt to domestic banks has grown 70 per cent," he said, adding that "annual government revenue was insufficient even to pay for debt servicing and defence".

Mr Aziz also spoke of a "severe financial crisis" in public sector companies such as the state-owned Pakistan International Airlines and gas companies.

These companies were unable to pay their monthly salary bill or repay debts, he said.

Pakistan's two state-owned power companies - Water and Power Development Authority (Wapda) and Karachi Electricity Supply Corporation (KESC) - together owed Rs42bn (\$1bn) in debt, Mr Aziz said.

However, he said that his government would consistently follow its supply-side economic policy of giving incentives to businesses and industry.

New tax reforms include an amnesty for non-payers of the wealth tax, which is a fixed tax of 0.5-2.5 per cent charged annually on assets worth more than Rs1m (\$24,800).

Tax evaders were given a one-off opportunity to pay a 7.5 per cent charge to clear their dues.

The government also withdrew Pakistan's widely unpopular tax returns, introduced two years ago, to

encourage more of the population to pay taxes.

There are only 1m taxpayers in a population of about 140m. In a country where the literacy rate is just below 25 per cent, many illiterate taxpayers criticised the returns, spread over several pages, for being too complicated.

Mr Aziz announced that new tax returns to be launched this year would be a one-page document.

The government announced a 50 per cent cut in a capital value tax, charged at 3.5 per cent on sales of property, motor vehicles and international airline tickets.

The rate of a government tax on telephone calls, known as the central excise duty, was also reduced from 40 per cent to 25 per cent.

In addition, Mr Aziz said, Pakistan's state-owned telephone company, Pakistan Telecommunications Corporation, intended to reduce inland tariffs by up to 20 per cent.

The government hopes that its package of tax reforms, which include an already implemented cut in income tax rates from 10-35 per cent to 5-30 per cent, will generate a total tax take of Rs317.8bn for the financial year starting next month by increasing the number of taxpayers.

This year's target is Rs334bn but only about Rs285bn have been collected so far.

Businessmen generally welcomed the budget, but said that the revenue target could be too ambitious. Some also expressed worries over the country's growing burden of debt servicing. Next year's Rs247.8bn cost of debt servicing is about 28 per cent higher than this year.

However, in a conciliatory gesture to western aid donors, the government announced that the defence budget would only be increased by 2.5 per cent.

## Discrimination against women to be banned

By Gwen Robinson in Tokyo

Japan has taken a further step to bring its traditional corporate culture in line with international standards with the passage through parliament of the country's first law to ban job discrimination against women in the workplace.

The equal employment opportunity law also lifts long-standing restrictions on women's working hours, which currently prohibit overnight shifts and

limit overtime to 10pm.

Until now, companies have been required only to make a "good effort" to end discrimination against women in their recruitment and promotion policies.

Under the new law, which does not come into effect until April 1999, discriminatory practices will be an offence. However, the only concrete punishment spelled out in the legislation is publication of the offending company's name.

potent weapon in Japan, which prides itself on social delicacy and discretion.

The country's labour ministry, which is charged with enforcing the new law, says that its power to publicly condemn corporate offenders is an adequate deterrent.

However, representatives of unions and women's groups yesterday warned that the absence of heavier penalties such as fines would dilute the impact of the legislation.

"We welcome the law as a great improvement on the previous guidelines, which were almost meaningless," said Ms Tomoko Suzuki, a member of a Tokyo women's group.

"But we don't think the threat of being named in public will stop companies from their past practices."

Some women's representatives, including female MPs, have also criticised the removal of restrictions on overtime hours as premature.

They say that Japanese companies are still far behind their western counterparts on issues such as child care, and that employers' demands for late-night work will place impossible burdens on working mothers.

Most unions and women's groups, however, have welcomed the lifting of the restrictions as a long-awaited move. They say the curbs have been used to prevent women from entering management positions.

In a corporate culture where many workers are still reluctant to leave the office at night before their superiors, the restrictions have been seen as a powerful disincentive for companies in considering women for career-track positions.

Furthermore, the new law is likely to lead fresh momentum to the emerging trend for women workers to take discrimination complaints to the courts, following some landmark victories in the past year.

## Villagers in Morocco go their own way

Poor farmers are starting to form groups to provide basic services, Roula Khalaf reports

The serenity of the hills and valleys surrounding the village of Ait Iktel in Morocco's High Atlas mountains is a sharp contrast to the hardship that has been endured by the people.

Ait Iktel's farmers for decades waited for the state to provide the most basic of services: roads, drinking water and electricity.

Then, a few years ago, a severe drought hit the region and not a single drop of water was left in the village.

So the farmers stopped waiting. They contacted some of the 28 families that had migrated to the cities and, with their help, the farmers formed their own association.

It raised funds from embassies in Rabat, bought an electrical generator and built a water system and a school to educate girls.

Ait Iktel's "self-empowerment" is now being emulated by surrounding villages. It exemplifies a new drive in Morocco to capitalise on village solidarity and entrepreneurship to develop long ignored rural areas.

Ait Iktel, 100km from Marrakesh, is one of an estimated 30,000 villages that make up a second Morocco, far from the trendy hotels of Marrakesh and the emerging stock market of Casablanca.

The neglect of rural areas, where 45 per cent of Morocco's nearly 28m population live, was until recently a taboo subject.

But in 1994 a census revealed shocking disparities



A village in the Atlas foothills shows the lack of investment in roads suffered by the inhabitants. The farmers are forming their own associations to provide roads, drinking water and electricity after decades of inactivity by the state.

change this and use the funds to develop the regions is politically controversial.

In Ait Iktel, inside the pink and blue-painted interiors, the villagers told the story of how the three water fountains now installed inside the village were saving time, especially for women who traditionally carry the water.

Now the girls in the vil-

lage are learning to read and write; the men have new jobs.

Mohamed Amezian, a farmer, became the treasurer of the association.

Mr Mahjoub Ait Ali studied to become an electrician and spent years in the cities looking for work before coming back to his village. Now he is the head of electricity.

At the end of each month a few of them knock on

every door to read newly installed meters and collect payments. For most people here, the price of drinking water and four hours of daily electricity is very high - some Dh50 to Dh100 (\$5.25 to \$10.50) a month.

Although those who do not pay face penalties, solidarity in the village is such that someone is always willing to pay for his neighbour.

In Ait Iktel it has recently suggested a joint effort the government will turn over to the local association funds that were earmarked for paving the road leading up to the village, in the hope that Ait Iktel will be able to find additional money to carry out the work.

The Ait Iktel association is a member of a larger group which was started by migrants who had gone to France but were forced back to a village near Taroudant, further south, after losing their factory jobs.

They dreamed of starting their own businesses in their village but had to begin by building the infrastructure. They wanted to have a status but felt defeated.

"In this country, immigration is a form of wealth. You cannot come back and look like a failure," explained Ms Aziza Msaif, an official from Migration and Local Development.

A well-manicured local government official joined the group of development experts from the World Bank who toured the village recently.

He explained in great detail the workings of the water system and electrical generation. So as not to lose control over areas it cannot afford to develop, the local government keeps itself well informed.

## UN worried over faltering Angola peace process

The United Nations special envoy to Angola voiced concern over Angola's struggling peace process yesterday and said he had ordered a military investigation into fighting in the diamond-rich north-eastern region, Reuters reports from Luanda.

A report on clashes between Angolan government and former rebel Unita troops in Lunda Norte province would be released next week, Mr Alloune Blondin Beye said.

A senior military official said on Thursday that both sides had thrown large numbers of troops into the battles, and the Angolan army was using tanks and artillery. The fighting was described as the worst since a peace pact ended Angola's 20-year civil war in 1994.

Mr Phillip Sibanda, UN force commander leading the mission, travelled to the mining town of Nzage yesterday where fighting has intensified. He estimated that 14 government troops were killed and 90 wounded in clashes near there.

No figures were available on Unita's casualties.

A mission including military attaches from the US, Portugal and Russia - the countries helping to oversee Angola's peace process - travelled to other areas in the north to verify reports of Unita troop movements.

Last year Unita declared it had dismantled its guerrilla force and handed in all war materials, under UN supervision.

Thousands of Unita troops are reported to be returning to Angola from the former Zaire, where they supported now-deposed president Mobutu Sese Seko, a close ally of Unita leader Jonas Savimbi. The Angolan government had backed the rebel forces of Mr Laurent Kabila who ousted Mr Mobutu and declared himself president of the renamed Democratic Republic of Congo.

Mr Beye said he would discuss the outcome of the report with Angolan president Jose Eduardo dos Santos, who is in Italy, and Mr Savimbi.

## Massachusetts' Burma law row flares

By Nancy Dunne in Washington

Ms Charlene Barshefsky, US trade representative, is urging the EU to delay a complaint to the World Trade Organisation against a Massachusetts law which prohibits state agencies purchasing goods and services from companies doing business in Burma.

"Initiating WTO dispute settlement proceedings at this time... would frustrate our efforts in Massachusetts to reach a satisfactory conclusion," Ms Barshefsky said in a letter to Sir Leon Brittan, EU trade commissioner.

Ms Barshefsky hopes to avert another damaging trade squabble with the EU. But US human rights activists are preparing to step up the dispute if the EU starts

proceedings at the WTO. "They are using the WTO as a shield behind which to attack the Massachusetts Burma law," said Mr Simon Billenness of the Franklin Research and Development Corporation, a public interest investment firm.

"But this is an issue that has resonance around the world. They don't realise what a political time-bomb this is."

US activists were working with European groups and unions on "careful surgical strikes" against companies which did business with Burma, he added.

Possible targets were the Dutch banks ABN Amro and ING and the East Asiatic Company, the Danish trading company. Efforts were also under way to get anti-Burma sanctions passed in European cities.

Massachusetts is the only state to have passed a "selective purchasing law" against companies operating in Burma, but 10 US cities have passed similar bills. Massachusetts has listed about 150 foreign companies which it says do business in Burma, including Honda, Nestlé, Siemens and Unilever.

Mayor Randolph Gulliani of New York signed a Burma sanctions measure last month, ignoring complaints from business that the measure would hurt the city's economy.

New York has the fourth largest government budget in the US, after the federal government and the states of California and New York. City measures cannot be challenged in the WTO because they are not signatories to the gov-



Charlene Barshefsky, US trade representative, urged EU to delay WTO complaint on state's purchasing policy.

ernment's procurement code.

US trade officials have begun to work closely with states considering such laws, to make them consist-

ent with WTO rules.

Massachusetts legislators, now working on sanctions legislation against Indonesia, were persuaded by Ms Barshefsky's office to produce a bill containing an exception for procurement covered by the WTO code, Ms Barshefsky said.

They have been asked to amend the current Burma bill to include such an exclusion, but have yet to agree.

Ms Barshefsky said she was "disturbed" about reports that an EU member state has been encouraging adoption of its own sanctions aimed at Indonesia, at a time when the European Commission is threatening a case against Massachusetts.

A US trade official said she was referring to Portugal.

### NICO COLCHESTER PRIZE FOR EUROPEAN WRITERS

Applications are invited for a new prize, established in memory of Nico Colchester, who died in 1996 at the age of 49, after an outstanding career at the *Financial Times*, *The Economist*, and the Economist Intelligence Unit. Nico was one of Britain's finest writers on foreign, especially European, affairs as well as business and technology, and one of his particular talents was the use of humour to cast light on serious matters.

The trustees of the Nico Colchester foundation will award the prize to the best, specially-written 1,000-word article that reflects that flavour of Nico's own work. Applicants should submit their article, in English, on a subject they believe to be central to the future of Europe's political, economic, scientific or business development.

Applicants should be young, should be pursuing or intending to pursue a career in journalism, and be citizens of a European Union country other than Britain.

The prize will consist of a three-month internship at *The Economist*, in the autumn of 1997. The foundation will provide a bursary of £4,000 to cover travel and accommodation, while *The Economist* will pay a small weekly stipend. The 1998 prize will be an internship at the FT.

Entries, by the closing date of June 27th, should be sent to: The Editor (Nico Colchester prize), *The Economist*, 25 St. James's Street, London SW1A 1HQ.

The foundation for this prize has been established jointly by the Halifax bank, the *Financial Times* and *The Economist*. Anyone wishing to make further donations to the foundation may write to the Nico Colchester Foundation trustees, c/o the Editor, *The Economist*.

Handwritten signature: "S. K. K."



US-owned freight group believes customers may sign up with cross-Channel ferries

## EU delay raises fears over rail business

By Charles Batchelor, Transport Correspondent

The European Commission's delay in ruling over the sale of British Rail's Channel tunnel freight business has raised fears that customers will sign long-term contracts with ferry companies instead.

English Welsh & Scottish Railway, the US-owned freight group, has bought the loss-making service but fears it will suffer further decline.

It believes that customers who need to ship goods across the Channel, between England and

France, will sign contracts with ferry companies because of uncertainty over the future of BR's Rail Freight Distribution. Staff morale has also begun to suffer.

EWS was confirmed as the purchaser of the RFD operation by the British government three months ago but has been waiting for clearance from Brussels.

"The date for the completion of the RFD sale has slipped again following a request for further information from the transport directorate of the European Commission," EWS said in a letter to staff.

The letter said EWS was "exercising

pressure on BR, the government and the European Commission to conclude their deliberations".

EWS is understood to be annoyed that it was put under strong pressure by the British government to complete the deal in advance of last month's general election only to find it is facing delays in Brussels. It now fears a decision will have to wait until after the summer break.

"The delay is bad news for everyone who would like to see more goods transported by rail in this country," said Mr Mike Sweet,

development director at Tibbett & Britten, a UK distribution company which has been expanding its rail-based business.

"The synergies created by EWS's acquisition of RFD offer the very real prospect of service improvements and more competitive rail freight. The longer we wait for the European Commission the longer it will be before such benefits can be realised."

The acquisition ran into difficulties in Brussels after the French Railways SNCF, Transfesa, a Spanish freight operator, and Freightliner, a UK rail container group, complained about sweeteners

offered by the UK government to complete the sale.

BR wrote off £300m (\$489m) of investments in RFD's locomotives, wagons and freight terminals and provided £200m to cover 10 years' worth of minimum usage payments to Eurotunnel for the use of "slots" in the Channel tunnel timetable. RFD made a loss of £58m on turnover of £70m in 1995-96.

The European Commission said it was continuing its review to see whether the deal contravened European law on state aid. It denied that EWS had been given a deadline for a decision to be taken.

### UK NEWS DIGEST

## PFI 'to be reinvigorated'

The government will announce "the way forward" for the private finance initiative on June 23, Mr Geoffrey Robinson, the minister responsible for the policy, said yesterday. Mr Robinson was speaking after receiving the results of a review of PFI, which aims to boost involvement of the private sector in public sector projects. The review, he said, would lead to decisions on action to "see school, hospital, transport and a host of other high quality projects become reality".

Mr Robinson said he would deliver "swift, decisive action to reinvigorate the private finance initiative". While Mr Bates was preparing his review, he said, the Treasury had taken urgent steps to help PFI improve its potential. Action taken included abolishing the requirement that public sector capital schemes be tested for PFI potential to "stop the system gumming up with hopeless projects".

Alan Pike

### COMMERCIAL PROPERTY

#### Most companies still optimistic

A majority of companies in all sectors except energy and water are still positive about the commercial property market, but are less enthusiastic than six months ago, research shows. According to a survey by the Confederation of British Industry and Grimley, the international property advisers, 23 per cent of companies expect to expand their property holdings over the next six months with 22 per cent planning to reduce them and the remainder unchanged. However, the positive balance of 1 per cent is well down from the 31 per cent figure recorded for the same survey six months ago. The new study found that the actual net increase in property holdings over the first half of this year was 6 per cent, substantially below expectations.

Mark Suzman

### ROLLS-ROYCE

#### Engines order brings in \$40m

Rolls-Royce Aero Engines has won an order for engines worth \$40m after a consortium involving Rolls-Royce was awarded the contract for the domestic UK airline British Midland's new fleet of Airbus planes. An international consortium comprising Rolls-Royce, Pratt and Whitney, Japanese Aero Engines Corporation and MTU Daimler Benz has won a contract to supply V2500 engines for British Midland's new fleet of 20 Airbus planes, the Department of Trade and Industry said. It is the largest order made by a British airline for Airbus, with the first planes due for delivery next spring.

### AIRPORTS

#### Bae development plan fails

British Aerospace yesterday lost its High Court attempt to resurrect plans to develop Filton aerodrome near Bristol in the west of England into a commercial airport. A judge dismissed the company's challenge to the decisions made by the transport and environment secretaries in the last government to refuse planning permission. British Aerospace had intended a limited development of the 400-acre site which is currently used for Concorde pleasure flights. Its plans involved restricting commercial use to 23,000 flights a year.

John Mason

## Tough and tender towards the reform of regulation

Mrs Helen Liddell, economic secretary to the Treasury, is not amused by the suggestion that her upbraiding of companies that mis-sold personal pensions was merely for show. "I have said I will personally chase this matter, and they doubt me at their peril," the minister says.

Mrs Liddell, a formidable former secretary of the Scottish Labour party, has no compunction in demonstrating her capacity for force. "She can be charming, but essentially she is a tough operator with a record of getting things done," says a Scottish Labour MP.

She showed it within days of her unexpected appointment by confronting 20 senior directors of pensions companies. Yet, as minister handling the biggest upheaval in City regulation for a decade, she must also show her understanding side to some nervous and uncertain financial institutions.

The decision by Mr Gordon Brown, the chancellor, to choose the most radical option for reform of regulation means the minister must also reassure the City. As banking supervision moves to a new "super" Securities and Investments Board, there are fears of what the upheaval will bring. In an interview, Mrs Liddell is at pains not to scare the City further about the prospect.

In spite of criticism by Labour members of the Treasury committee about the Bank's style of banking supervision, she insists that there is no need for radical

Liddell gets things done but can also be charming, write John Gapper and David Wighton

change when the new SIB takes over. "The personalities and regulatory techniques will not be changed. The people have been extremely able and focused," she says. Yet she also says that a more aggressive style of regulation at organisations such as Imro could be preserved in the new SIB.

"For different types of financial product and market, you need a different type of regulation," she says. It might not be easy to achieve within a single body, but Mrs Liddell has faith in the ability of Mr Howard Davies, who will head the new body, to preserve traditions of value.

"The government cannot manage an organisation. That is why it is so important and positive that Howard Davies has taken this post," she says. She insists that, as a former chief executive of the Business Venture Programme, she understands the value of enterprise and independent management.

Mrs Liddell's views on what will be done by the Bank, and what the SIB are not entirely clear. It is not certain how the Bank and SIB will split the Bank's role as City guardian, doing everything from devis-

ing share settlement systems to organising bank rescues.

Mrs Liddell sees a role for SIB in the marshalling of banks and financial institutions. "There is no reason why the enhanced SIB cannot have that status," she says. Yet the role of the Bank as "lender of last resort" to failing institutions has not been fully defined.

The Bank may be in danger of being squeezed between SIB and the Treasury in the "lender of last resort" role. While the Treasury says the Bank will retain its say in judging whether a collapse could cause systemic risks, they say the Treasury must, in effect, finance any rescue.

Perhaps mindful of the rush of initiatives that have come from the Treasury already, Mrs Liddell plays down other possibilities for reform. These include the Take-over Panel, which is keen to retain its voluntary status - now a rare thing - and to avoid becoming a statutory body.

Mrs Liddell also assiduously sticks to a neutral position on the widespread moves by mutually-owned organisations such as shareholder societies to become shareholder-owned. In spite of Labour's roots in the co-operative movement, Mrs Liddell insists their status is their own business.

She indicates that the government is unlikely to seek any new building societies legislation. "The societies have their own framework, and they must consult their members. Providing they operate within the spirit of legislation, it is



Helen Liddell does not want to scare the City about further reforms

not for us to get involved in these issues," she says.

Mrs Liddell is at pains to emphasise that the government is broadly sympathetic to the City. Far from expressing disapproval at the risks of new financial markets, she plays up the idea that a better regulatory

structure may encourage "new financial products".

She says the speed of the SIB announcement was designed to reduce uncertainty and she denies accusations that the government rushed ahead without proper consultation.

## Cheap flights airline to triple its fleet

By Michael Skapinker in Paris

EasyJet, the low-cost airline, plans to triple the size of its fleet over the next two years and begin flights from Luton airport, north of London, to the Channel Islands, Geneva and Oslo, Mr Stelios Haji-Ioannou, its founder, said yesterday.

Mr Haji-Ioannou said at the Financial Times aerospace conference in Paris that he had put down deposits on 12 Boeing 737s, to be delivered next year and in 1998. EasyJet at present has five Boeing 737s, with a sixth due for delivery this year. EasyJet, which was launched in 1995, flies from Luton to Scottish cities and Amsterdam, Nice and Barcelona. Mr Haji-Ioannou said he planned to begin flying to Jersey in August and to Geneva and Oslo before the end of the year. He said he was also considering starting services from Luton to Belfast, the Northern Ireland capital, and Madrid.

EasyJet is one of several low-cost carriers that have taken advantage of the European Union's aviation liberalisation programme. Others include Ryanair of Ireland and Virgin Express, which is

based in Brussels and is part of Mr Richard Branson's Virgin group.

Mr Haji-Ioannou said his was the only airline that had never paid any commission to travel agents. All its bookings are taken by its own telephone operators who are paid 80p a reservation rather than a salary. He said: "We hate the travel agents and they hate us."

He criticised the frequent flyer programmes run by large airlines, saying they were a form of bribery. Large airlines offer frequent flyers upgrades on their services, free flights and gifts.

Mr Haji-Ioannou said the programmes were wrong because those who benefited from them did not pay for tickets themselves. Most frequent flyers' fares were paid by companies. He said this was like a computer manufacturer telling corporate purchasers that for every five computers they bought they could have one free "for the kids to play games on at home".

However, Mr Hans Mirka, head of American Airlines' international business, told the conference that frequent flyer programmes were a reward for loyalty.

## Scottish Tories debate stance on devolution

By James Buxton, Scottish Correspondent

The Scottish Conservative and Unionist Association conference in Perth in two weeks' time will be the most significant in its 115 year history, Mr David McLetchie, president, said yesterday.

In one day the Scottish Tories, still reeling from the defeat in the general election in which they lost all their seats, should decide where they stand on devolution and the devolution referendum, and debate the party's future structure.

In the past few weeks activists on the party's left have called for the Tories to drop their opposition to devolution, and urged the creation of a new party independent of the Conservatives in England.

On June 27 the conference will consider a three part resolution on constitutional change. It condemns the referendum on devolution, and says that only a referendum held after the legislation has been passed would be fair.

It urges the party to reject government proposals for a Scottish parliament and back a broad-based No campaign in the referendum. It

urges the party to campaign for the election of Tory members of the Scottish parliament if it is established.

The motion reflects the views of Miss Annabel Goldie, chairman, and Mr McLetchie, who say most members believe the party cannot credibly abandon the opposition to devolution on which it fought the election.

This will be challenged by supporters of devolution, including Mr Arthur Bell, chairman of the Tory Reform Group in Scotland.

Mr Bell is expected to argue for changes, such as the direct election of officers now appointed by the UK party leader. But the party leadership says these issues need to be thrashed out over a period of months.

The only scheduled address by a party luminary will be from Mr Michael Forsyth, the former Scottish secretary. After the conference the newly elected leader of the party will address a closing rally.

This week Mr Kenneth Clarke, former chancellor, followed Mr Malcolm Rifkind, ex-foreign secretary, in rejecting the party's election claim that devolution would lead to the break-up of the United Kingdom.

## AN INVITATION A week of golf at the Ryder Cup in Valderrama Monday, September 22 to Sunday, September 28 1997



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Wednesday 24	Pearson/Recoletos Golf Tournament at Guadalmina Golf Club	Sunday 28	Pearson/Recoletos Gala Dinner
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## Water saving proposals pour in

By George Parker and Richard Murray-Bruce

Mr John Prescott, deputy prime minister, was yesterday deluged by proposals from water companies setting out their plans to save supplies, just hours before his midnight deadline for responses.

Mr Prescott was said to be pleased by the submissions, which came in response to last month's "water summit", where he asked companies to provide details of their plans to use resources more efficiently.

Some companies went further than Mr Prescott's ten-point plan for saving water, but others were reluctant to offer services such as free

leak repairs or compensation in times of drought.

For a while yesterday it seemed the 29 privately owned water companies might snub Mr Prescott, who set a midnight deadline for responses to the summit by midday only a handful had replied.

But during the afternoon, couriers and fax machines delivered a welter of water-saving ideas to Mr Prescott's desk. Ms Pamela Taylor, who speaks for the smaller companies in the Water Companies Association, said some of her members might not be able to offer compensation to drought-affected customers because of local geographical conditions. The department of the

environment said some companies had declined to offer free leak repairs to customers whose domestic pipes were faulty - in defiance of Mr Prescott's proposal.

Mr Prescott will consider the submissions before deciding what action is necessary to maintain supplies. He was encouraged that some companies were offering to repair commercial customers' pipes free of charge.

Mr Brian Charles, chairman of Welsh Water said: "It's our responsibility to manage our water supplies and systems properly. This is what the Water Summit called for and is why we have no problem signing up."

Companies claim they were already doing much of what the Government called for. However, a number were concerned about demands for free customer leakage detection and repair services.

Northumbrian Water said yesterday that "such a service may be difficult to show as economically justified," even though it, like all bigger water companies, has agreed to repair customer leaks free of charge. South West Water has only committed to guarantee a free service until the end of 1997.

Severn Trent has used its response to extend its free repair service to all small businesses, not just domestic customers.



## FINANCIAL TIMES

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Saturday June 14 1997

## Amsterdam is no Maastricht

Last time the leaders of the European Union gathered to change their constitution, the name of the small Dutch town where they met achieved instant fame. Maastricht has become a concept associated with a great leap towards European integration: in particular, the launch of the single currency. Its name is linked to all the economic agony suffered by member states attempting to meet the Maastricht criteria for economic and monetary union, and to the political turmoil that has followed.

Amsterdam, where the European leaders will gather for another exercise in constitutional building on Monday, needs no such introduction. Nor is it likely to gain such notoriety, for the constitutional changes on the agenda are decidedly modest. They will tinker with the treaty - if they can agree on the most important amendments at all. Europhobes and Europhiles may seek to present the occasion as something more profound, but they will be hard-pressed to prove it.

Rewriting a constitution is always potentially momentous. But this time, few if any have had their hearts in a radical exercise of reform. The EU member states face two great and possibly traumatic changes in the near future: the launch of the single currency in 1999; and the enlargement of the Union to include the emerging democracies of central and eastern Europe, in the early years of the next century. They are not about to add a third, with a new leap forward to political as well as economic integration.

When the great and good set out on the exercise 15 months ago, they did have some solid ambitions. They were instructed to prepare the EU for future enlargement, which could take its membership from today's 15 to 25, or even 30 states. They were told to make it more friendly and relevant for its citizens. And they were asked to propose how to improve its external operations, by reinforcing its capacity for a common foreign and security policy.

### Unstated ambition

There was even an unstated ambition, enjoyed at least by Germany's Chancellor Helmut Kohl and the dedicated federalists of the Benelux bloc, to reinforce the political union of Europe to complement its economic union. Mr Kohl has always argued that EMU must be underpinned by greater political cohesion. It does not look as if he is going to get his way.

The document on the table in Amsterdam cannot be seen as a big success on any of those counts. As far as future enlargement is concerned, the EU leaders need to ensure that they can still operate both efficiently and fairly with 25 members. Yet the 15 are still undecided over proposals to change their voting weights in decision-making, to reflect more accurately their relative population size.

### Common policy

Nor can they agree on streamlining the bureaucracy, by reducing the number of European commissioners. They have decided on a bit more majority decision-making, but not in essential areas of national interest. In effect, they have failed to put in place the institutional structure to enable future enlargement to happen smoothly. They will have to return to the whole question.

The most important potential change is a clause on future flexibility, which would enable a few member states to proceed with a common policy, even if the rest cannot follow suit. The Schengen treaty on open borders is one obvious example. But it is not clear that any such move will be decided unanimously - making them subject to a national veto. That seems a reasonable restriction on a path which could easily lead to an even more complex and clumsy union.

As for making EU foreign policy more effective, they will agree on a new Brussels summit, but with very circumscribed powers, and they have decided to beef up a common planning staff. Washington will still complain that there is no one telephone number to ring in a crisis. And the plans for a stronger European defence arm - by integrating the Western European Union into the EU - are strongly opposed by Britain and the neutral member states.

And then there is the great ambition of making the whole exercise more citizen-friendly. The trouble is that a treaty really can't be expected to do that. It will be the decisions taken later which count. Europe's citizens can scarcely be expected to enthuse about a negotiating process which is itself opaque and unfriendly. When it comes to the ratification process, the treaty may well run into heavy weather, precisely because it is so unambitious.

## COMMENT &amp; ANALYSIS

# Long run of the bulls

Common sense may not be the best guide to understanding the forces driving US stock markets ever higher, writes Tony Jackson

As so often in recent times, Wall Street this week was no place for the nervous. Thursday's 135-point surge brought the Dow Jones Industrial Average to over 7,700 - 10 per cent up on the 7,000 mark reached only four months ago.

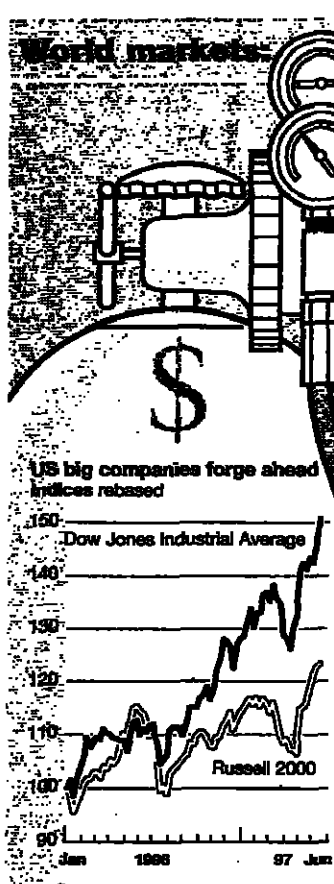
But in fact, the pace has been slowing a little recently. For a period in March and April, the US market actually fell. And if 10 per cent in four months sounds intimidating, the previous 10 per cent rise took three months, and the one before that only two.

Nevertheless, it is tempting to suppose that the market has long since taken leave of its senses: that the Dow is driven by nothing more fundamental than blind faith and a torrent of cash. As a London trader put it this week: "In a high wind, even a turkey can fly."

Common sense, after all, would say that the market cannot go up for ever - that what goes up must come down. In terms of pure logic, though, common sense is wrong. Over the long run - and ironing out fluctuations - it is reasonable to expect the market to rise in line with economic growth, or nominal gross domestic product. In the case of the US, this might suggest a sustainable increase of around 5-6 per cent a year.

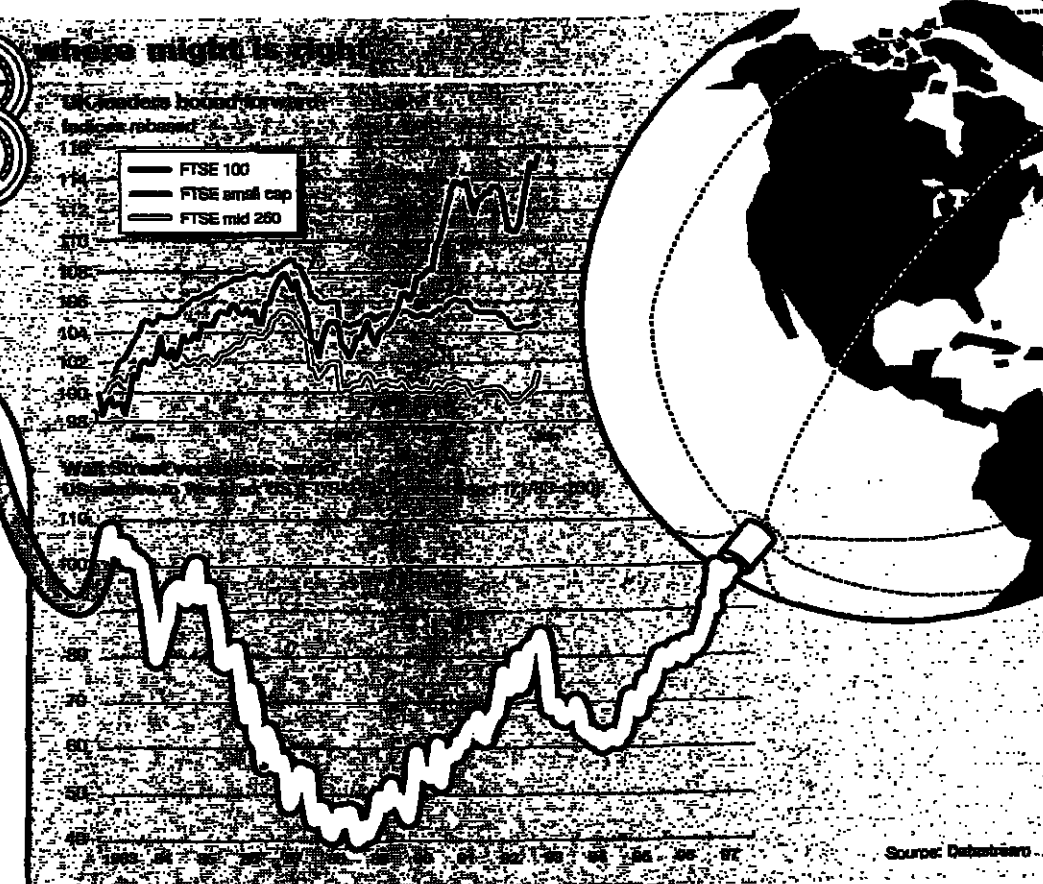
Perhaps it should be more. The US has the lion's share of those companies equipped to exploit global markets. It also supplies the bulk of the technology that knits those markets together. So why should the share prices of these companies not rise faster than the US economy as a whole?

Granted, the Dow's near eight-fold increase over the past 15 years cannot be justified on these grounds. But its starting point - 1,000 in 1982 - was clearly far too low as a result of the inflationary ravages of the previous decade. In a perfect world, it might be perfectly reasonable for the market to complete its catch-up phase without mishap, then revert to its underlying growth rate.



In the real world, the outcome is likely to be messier. At this rate of climb, the market will doubtless overshoot badly at some point, and come a cropper. But surprisingly few investment professionals seem to think that point has yet been reached.

The relaxed view of the market goes along the following lines. US economic growth remains robust, with the OECD this week saying it expected 4.6 per cent this year, and US corporate earnings are correspondingly strong. At the same time, US companies are by general consent as internationally competitive as they have ever been. It is worth glancing at the chart alongside which plots US equities against the rest of the world over the past 15 years. Until the end of the 1980s, Wall Street lagged behind. Since then, it has shot ahead.



To a large extent, this reflected the boom and bust of the Tokyo market. But that had a real-world parallel. In the 1980s, Japanese corporations led the world. They do not do so any more.

The other factor is cash flow. The flood of money into US retirement funds, or 401(k)s, is pleasing, being unmatched by any obvious rise in the savings rate. But it seems likely to continue. Switch on the TV in the US, and you will see citizens telling the interviewer that they do not trust the government to provide them with a pension in their old age. Logically, there could be a snag here. Those who recall the UK housing boom of the late 1980s know how easily rising asset

prices can spill over into the rest of the economy. At present, all that 401(k) money is locked up. But the earliest post-war baby boomers are 62, and early retirement - funded, again, by the rising market - is now the norm.

Not to worry, say the optimists. In demographic terms, the peak retirement period for baby boomers is still a decade away. In any case, these are mature people with fixed incomes, not 1980s yuppies splashing out on sports cars and yachts. Indeed, inflation is still scarcely perceptible. If it were, all bets would be off. But the market weakness of a couple of months ago was based precisely on wor-

ries about wage inflation and sharply rising interest rates. They did not materialise. So can we all sleep easy? Up to a point. The forces driving the market - the US competitive revival, the force of new technology, the death of inflation and the pensions revolution - are all profound long-term changes. They justify a fundamental upward shift in share prices, on a scale which has dawned on investors only over a period of years.

One caveat. The more we relax about the market, the more we should consider the possibility that its amazing performance has bludgeoned our critical faculties into submission. The point was neatly expressed last week by Mr Barton Biggs, global strategist at the New York investment bank Morgan Stanley. Last Christmas, he wrote, he had lunch with a group of veteran US investors. All were bears. All were contemptuous of the young fools who were driving the market higher. Last month he saw some of them again. With the market up yet another 10 per cent, they had sheepishly given in. All their previous arguments still held good. All were now bulls. "I see capitulation and complacency," he wrote. "You never know what is enough until you know what is more than enough. I have a feeling we are setting up for something out of the blue."

Barry Riley

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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### Argument seeks a more efficient use of human rights organisations

From Professor T.N. Srinivasan.  
Sir, Mr Philippe Sands (Letters, June 11), in arguing that Professor Bhagwati ("Short on trade vision", June 3) is "prescribing further fragmentation" of the "ever increasing" institutions dealing with human rights and environmental issues, misses the point altogether.

Mr Bhagwati and many economists, including myself, argue for the enhanced and pro-active use of existing institutions, such as the International Labour Organisation, Unicef and United

Nations Environment Programme, to address, by reviewing and monitoring, the concerns which these agencies are charged with. This would free the World Trade Organisation and other trade treaties to address the concerns that they should be addressing: the liberalisation of trade. The use of one policy (eg trade) or one institution (eg WTO) to address multiple concerns (eg trade, environment, human rights, labour standards) is to muddle up policy making and to produce less efficient outcomes.

Instead, specialisation in policy

assignment to institutions, with consultation and co-ordination among them, if found necessary, will be efficient. This insight of the theory of policy assignment, due to the late Nobel laureate, Jan Tinbergen, is clearly not understood by Mr Sands.

T.N. Srinivasan, director, economics growth centre, department of economics, Yale University, PO Box 208269, 27 Hillhouse Avenue, New Haven, CT 06520-8269, US

### Diagnosis is that insurers are in for a testing time

From Mr Anthony Walsh.  
Sir, I was surprised that your article ("Technology: A move out of the doctor's office", June 10) on home diagnostic testing did not refer to the huge impact it can expect to have on insurance premiums.

The availability of home testing means that people can test for a condition without their doctor's knowledge and, if positive, they would be foolish not immediately to seek as much life/illness insurance as they can afford.

Queries to their GP will not alert the underwriter to incipient conditions of which only the "home tester" is aware.

The consequence of this is that the insurance companies will have to introduce a much more extensive battery of their own medical tests on the assumption that those applying for insurance are no longer a reasonable cross section of the population.

Inevitably, this will result in huge premium variations between the "genetically incorrect" and others as the current "averaging out" disappears.

The obvious recommendation that should have been made in the article is to get your own tests done early and insure accordingly!

Anthony Walsh, 54 St Aldans Drive, Goatsdown, Dublin 14, Ireland

### Elaborate testing before signalling chosen

From Mr Paul Jessop.  
Sir, Alice Rawsthorn ("Music industry launches high-tech move to curb piracy", June 10) refers to work that the recording industry is doing to protect itself through "embedded signalling". As project manager of this initiative, may I clarify two points?

We will close our "request for proposals" at the end of this month and, in the meantime, companies believing they have

relevant technologies are welcome to contact us. The evaluation should be complete by the end of the year and IFPI's member companies could start using the recommended system then.

Second, it is vital for us that the system has no audible effect on the music itself - the elaborate testing required to verify this to the satisfaction of the industry's finest experts will occupy the rest of the year.

The need for technical protection of rights in music has never been greater. We hope this project will be a contribution to this protection.

Paul Jessop, director of technology, International Federation of the Phonographic Industry Secretariat, 54 Regent Street, London W1R 5FJ, UK

### Picture too generalised of Indian societal classes

From Miss A. Mathews.  
Sir, Having lived in Kerala, a south Indian state, until a year ago, I would question some generalisations in Kunal Bose's report "India eases on rice imports" (June 5).

While many things serve to dis-

tinguish the different societal classes, a diet of rice is not one of them and is not "meant for the non-affluent sections of society" as suggested in the article. It is the staple diet of south Indian states just as wheat is in north India. South India is not signifi-

cantly richer than north India but it is not "poverty-struck" either.

A. Mathews, 9 Beaconfield Road, New Malden, Surrey KT3 3HY, UK

### ABN AMRO Funds, SICAV

Société d'Investissement à Capital Variable  
Registered office: Luxembourg, 4 rue Jean Monnet  
L-2180 Luxembourg-Kirchberg  
R.C. Luxembourg B 47072

ABN AMRO Bank opened 7 new investment funds under the umbrella Fund, ABN AMRO Funds.

These new investment funds are: Global Emerging Markets Equity Fund, Latin America Bond Fund, Netherlands Bond Fund, Netherlands Equity Fund, Italy Bond Fund, Italy Equity Fund and Euro Bond Fund.

The initial offer of the relevant classes of shares, class A shares (capital growth) commences at 10 a.m., on June 16, 1997 and will close at 16.00 hours on July 11, 1997.

Under the initial offer, shares relating to the following Funds will be available at the following prices, payable in full at a minimum requested investment. The initial issue prices may be increased by a sales charge of up to maximum 1% which shall be used to pay recognised agents.

ABN AMRO Funds	Price	Initial and subsequent minimum investment and minimum holding
Global Emerging Markets Equity Fund	USD 50	USD 500
Netherlands Equity Fund	NLG 100	NLG 1,000
Italy Equity Fund	ITL 100,000	ITL 1,000,000
Euro Bond Fund	ECU 50	ECU 500
Latin America Bond Fund	USD 50	USD 500
Netherlands Bond Fund	NLG 100	NLG 1,000
Italy Bond Fund	ITL 100,000	ITL 1,000,000

Payment of the initial price must be made at the latest on July 17, 1997.

An initial offer of the relevant classes of shares, class A shares (capital growth) in the Latin America Equity Fund, North America Equity Fund, Germany Equity Fund and Europe Bond Fund and class B shares (dividend) in the Germany Bond Fund, did commence on May 9, 1994 and was closed on June 29, 1994. An initial offer of the relevant classes of shares, class A shares (capital growth) in the Asian Tigers Equity Fund, Europe Equity Fund, Japan Equity Fund, Global Bond Fund, U.S. Bond Fund and Spain Bond Fund, did commence on October 24, 1994 and was closed on November 24, 1994. An initial offer of the relevant classes of shares, class A shares (capital growth) in the Eastern Europe Equity Fund, China Equity Fund and Switzerland Equity Fund, did commence on May 29, 1995 and was closed on June 15, 1995.

The shares of the existing funds are and those of the new funds will be listed on the Luxembourg Stock Exchange. The shares of the Latin America Equity Fund are also listed in NLG on the Amsterdam Stock Exchange. For the shares of Japan Equity Fund and Global Emerging Markets Equity Fund application will be made to list these shares in NLG on the Amsterdam Stock Exchange.

The Prospectus is available at the registered office of the SICAV as well as at the offices of ABN AMRO Bank (Luxembourg) S.A.

The Board of Directors



## John Kampfner and James Blitz on the man who is favourite to become leader of the Tory party at the age of 36

If other companies wanted to copy Nomura by hiring lawyers for their annual meetings the system would not be able to cope. "Because most Japanese companies hold their shareholder meeting on the same day, there probably aren't enough independent lawyers to attend all the meetings," says one observer. "I think this shows we need more lawyers."



## COMMODITIES AND AGRICULTURE

## Copper hits 13-month high on LME

## MARKETS REPORT

By Robert Corzine, Kenneth Gooding and Maggie Urry

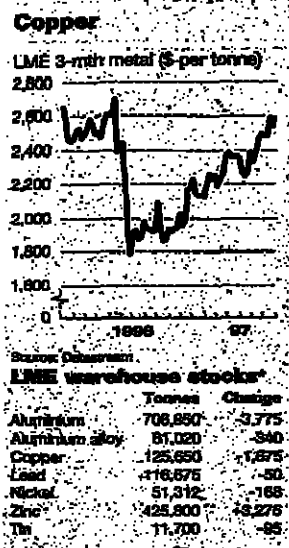
Copper prices on the London Metal Exchange reached the highest level for 13 months yesterday as they continued to be boosted by technical factors and worries about supply disruptions.

However, the price for copper for delivery in three months could not burst convincingly through \$2,500 a tonne, a key level for chart watching speculators. At one point copper was traded at \$2,500 but profit taking quickly pushed the price back down. It closed \$10 ahead of Thursday's close at \$2,510.

Mr Larry Kaplan, analyst at Flemings Global Mining Group, said that, although the supply disruptions were in themselves insignificant, cumulatively they were quite substantial.

"In the current environment copper prices may well spike further. But given that technical factors are clearly influencing events, and that the much vaunted Chinese buying spree is unlikely to emerge in any such spike, we would caution that the turnaround, when it comes, could come swiftly. Nevertheless, our copper price forecast for the year remains a healthy \$1.10 a pound (\$2,424 a tonne)."

Oil prices made modest gains at the end of the week after a series of sharp falls. Brent Blend for July delivery, the world benchmark, was around \$17.70 a barrel in late London trading yesterday, up 26 cents on the day.



Oil's strength was attributed to uncertainty over the level of Iraqi crude exports under the recently renewed oil-for-food programme. But Mr Gary Rose of Pira, the New York-based industry consultants, said the fundamental outlook for oil prices in the third quarter remained relatively poor.

Fears of supply shortages sent the soyabean price sharply higher in Chicago trading yesterday. In the morning session at the Chicago Board of Trade, the July contract leapt by its 30 cents trading limit before slipping back.

The rally began on concern that old crop supplies of soybeans were dwindling after supply and demand forecasts from the US Department of Agriculture on Thursday, which showed supplies near 20-year lows.

## WEEKLY PRICE CHANGES

Commodity	Latest price	Change	Year on week	1997
Gold per troy oz.	\$341.55	-2.80	\$338.65	\$340.35
Silver per troy oz.	\$282.25	-7.25	\$289.50	\$275.40
Aluminium 99.99%	\$1,587.50	-4.5	\$1,592.00	\$1,591.50
Copper Grade A (cash)	\$2,510.00	+10.00	\$2,500.00	\$2,500.00
Lead (cash)	\$2,215.00	-11.5	\$2,226.50	\$2,215.00
Nickel (cash)	\$2,755.00	-2.5	\$2,757.50	\$2,755.00
2 1/2% Zn (cash)	\$1,510.00	-1.00	\$1,511.00	\$1,510.00
Th (cash)	\$5,000.00	-120	\$5,120.00	\$5,000.00
Cocoa Futures Jul	\$1,118.00	+1.00	\$1,117.00	\$1,118.00
Coffee Futures Jul	\$1,175.00	-8.00	\$1,183.00	\$1,175.00
Soybean Futures Jul	\$2,510.00	+10.00	\$2,500.00	\$2,500.00
Wheat Futures Jul	\$2,215.00	-11.5	\$2,226.50	\$2,215.00
Cotton Futures Jul	\$1,118.00	+1.00	\$1,117.00	\$1,118.00
Oil (Brent Blend)	\$17.70	+0.26	\$17.44	\$17.44

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## CURRENCIES AND MONEY

## D-Mark suffers

MARKETS REPORT  
By Richard Adams

Continuing discussions over a stability pact for European monetary union (Emu) dragged down the D-Mark against sterling and the US dollar yesterday.

Leaders of Germany and France - meeting for the first time since the new left-wing government was elected in France - said they made progress yesterday, but did not reach a final accord.

Sterling made the most spectacular gains on foreign exchange markets in Europe. The pound rose by well over two pence, to end the day at DM2.9421.

During trading, sterling reached its highest level since August 1992, only weeks before it was forced out of the exchange-rate mechanism by market speculation.

The US dollar came within

striking distance of reaching its highest level against the D-Mark for over three years. The dollar gained 1.4 pence, and settled at DM1.7378 in London.

Analysts said if Germany and France do strike a new agreement to limit budget deficits after the launch of Emu in 1999, the D-Mark could fall further, as its eventual replacement by a "soft" Euro seems more certain.

Elsewhere, the dollar con-

tinued its fightback against the Japanese yen. It gained another 0.70 pence yesterday, to end at ¥114.7.

The pound gained against the US dollar, thanks to heavy buying by large US investment banks in early

## Dollar

DM per \$

Yen per \$

£ per \$

DM per £

FF per DM

DM per £

FF per DM

DM per £

FF per DM

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## UNIT TRUSTS

## WINNERS AND LOSERS

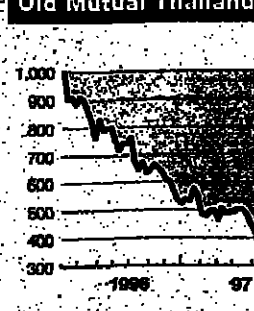
## TOP FIVE OVER 1 YEAR

HSBC Hong Kong Growth	1,488
Investco Hong Kong & China	1,423
Abnro Frontier Markets	1,366
Save & Prosper Financial Secs	1,330
Govett Greater China	1,318

## BOTTOM FIVE OVER 1 YEAR

Old Mutual Thailand Acc	397
Save & Prosper Gold & Exp	569
Save & Prosper Korea	618
Schroder Seoul	614
F&C Japanese Smaller Cos	639

## Old Mutual Thailand



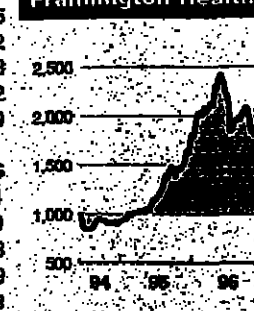
## TOP FIVE OVER 3 YEARS

Hill Samuel US Smaller Cos	2,226
Profit Technology	2,222
PM North America Growth	2,163
Framlington Health	2,082
Jupiter European	1,869

## BOTTOM FIVE OVER 3 YEARS

Old Mutual Thailand Acc	434
Save & Prosper Korea	470
Fidelity Japan Smaller Cos	548
Govett Japan Strategy	548
Five Arrows Japan Smaller Cos	563

## Framlington Health



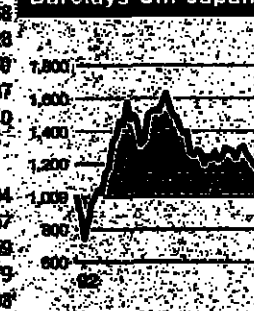
## TOP FIVE OVER 5 YEARS

Gartmore American Enterprise	3,968
Profit Technology	3,928
HSBC Hong Kong Growth	3,899
PM North America Growth	3,537
Hill Samuel US Smaller Cos	3,510

## BOTTOM FIVE OVER 5 YEARS

Govett Japan Strategy	394
Barclays Uni Japan Inc	1,057
Friends Prov Japanese Sm Cos	1,059
Fidelity Japan Smaller Cos	1,779
M&G Japan & General Acc	1,789

## Barclays Uni Japan



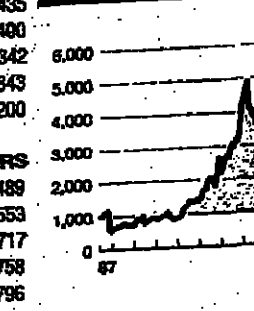
## TOP FIVE OVER 10 YEARS

P&C US Small Companies	6,435
HSBC Hong Kong Growth	6,400
Hill Samuel US Smaller Cos	6,342
Gartmore Hong Kong	5,643
Framlington Health	5,200

## BOTTOM FIVE OVER 10 YEARS

Windsor Australian Gold	489
Barclays Uni Japan Inc	553
Mercury Japan	717
M&G Japan & General Acc	768
Henderson Japan Smaller Cos	796

## Gartmore Hong Kong



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Source: Reuters Hindsight (01625 511311)

## Indices

Index	1 year (%)	3	5	10	Volatility	Yield
Average Unit Trust	1041	1280	1884	2291	3.5	2.5
Average Investment Trust	1120	1305	2085	2701	4.5	4.9
Bank	1055	1112	1320	1837	0.0	4.3
Building Society	1031	1111	1214	1544	0.0	4.0
Stockmarket FTSE All-Share	1228	1918	2088	2775	2.3	3.5
Inflation	1024	1094	1122	1534	0.4	-

## UK Growth

Trust	1 year (%)	3	5	10	Volatility	Yield
Johnson Fry Stellar Growth	1293	1978	2449	-	3.3	0.9
Jupiter UK Growth	1093	1823	2781	-	2.9	1.8
Perpetual UK Growth	1167	1767	2544	-	2.5	2.5
Credit Suisse Fellowship Inc	980	1655	-	-	2.8	1.1
Perpetual UK Growth	1132	1633	2209	2946	2.4	2.3
SECTOR AVERAGE	1067	1430	1864	2089	2.8	1.8

## UK Growth &amp; Income

Trust	1 year (%)	3	5	10	Volatility	Yield
Fleming Select UK Income	1278	1704	2120	2469	2.7	3.6
Perpetual UK Growth	1173	1653	2348	2794	2.4	2.7
Co-op Pensions Equity Dis	1180	1608	1955	-	2.8	3.1
Lazard UK Income & Growth	1154	1603	2000	2436	2.6	3.3
Fidelity UK Dividend Growth	1129	1603	-	-	2.4	2.2
SECTOR AVERAGE	1137	1431	1817	2271	2.7	2.6

## UK Smaller Companies

Trust	1 year (%)	3	5	10	Volatility	Yield
Laurence Keen Smaller Cos	1054	1807	-	-	3.0	1.2
Gartmore UK Smaller Companies	1781	2313	1990	3.4	0.3	-
INVESTCO UK Smaller Companies	1727	2489	1935	3.8	1.2	-
AES Smaller Companies	985	1681	2041	-	3.1	0.9
Britannia Smaller Cos Acc	1044	1661	2481	2196	3.2	0.4
SECTOR AVERAGE	984	1802	1826	1773	3.0	1.5

## UK Equity Income

Trust	1 year (%)	3	5	10	Volatility	Yield
Jupiter Income	1119	1642	3058	-	2.7	4.0
Lazard UK Income	1143	1622	2144	2889	2.5	4.0
Royal Life High Income (Dis)	1190	1590	2015	2218	2.5	3.6
Britannia High Yield Inc	1122	1577	2201	2948	2.4	4.0
BWD UK Equity Income	1184	1562	2051	2473	3.3	3.4
SECTOR AVERAGE	1120	1392	1843	2236	2.8	4.4

## UK Equity &amp; Bond Income

Trust	1 year (%)	3	5	10	Volatility	Yield
Cazenove UK Equity & Bond	1110	1417	-	-	3.0	6.1
Profit Extra Income	1082	1411	1817	2131	-	5.4
Clear Mid Retirement Income Inc	1129	1406	1824	-	2.8	5.4
CIS UK Income	1151	1388	1794	-	2.2	4.1
Edinburgh High Distribution	1086	1382	1679	1801	2.7	4.1
SECTOR AVERAGE	1093	1289	1685	1980	2.1	5.3

## UK Eq &amp; Bd

Trust	1 year (%)	3	5	10	Volatility	Yield
BWD Balanced Portfolio	1177	1634	2315	-	3.0	1.4
Perpetual High Income	1169	1559	2329	-	2.0	3.2
Credit Suisse High Income Port	1078	1488	2117	-	2.4	4.3
Canlife Income Dis	1141	1443	1806	2057	0.0	3.4
NPI UK Extra Income Inc	1068	1419	1971	-	2.3	3.0
SECTOR AVERAGE	1114	1408	1898	2180	2.3	3.1

## UK Fixed Interest

Trust	1 year (%)	3	5	10	Volatility	Yield
M&G Corporate Bond	1164	1357	-	-	1.8	6.9
Abnro Fixed Interest	1103	1317	1870	2450	1.7	6.0
Thornion Preference Inc	1098	1311	1707	2283	1.8	6.3
Allied Dunbar Conv & Gilt	1089	1284	1578	1750	2.3	3.7
Britannia Gilt & Fixed Int Inc	1086	1284	1570	-	1.6	8.1
SECTOR AVERAGE	1078	1229	1496	1974	1.7	6.7

## UK Gilt

Trust	1 year (%)	3	5	10	Volatility	Yield
M&G Gilt & Fixed Interest	1155	1333	1446	1890	1.9	6.4
Murray Acumen Reserve	1104	1273	1435	-	1.4	6.7
Gartmore PS Fixed Interest	1128	1273	1454	-	1.8	6.1
Midland Gilt & Fixed Interest	1062	1238	1404	1811	1.3	6.4
Schroder Gilt & Fixed Int Acc	1078	1238	1400	-	1.8	7.0
SECTOR AVERAGE	1069	1192	1382	1897	1.5	6.9

## International Equity Income

Trust	1 year (%)	3	5	10	Volatility	Yield
GT International Income Inc	1093	1384	2128	2629	2.5	2.4
Martin Currie Int'l Income	1124	1381	1959	-	2.6	3.3
Dolphin Int'l Gth & Income	1072	1382	1916	1861	2.8	1.4
Mayflower Global Income	1076	1311	1905	2156	2.3	3.5
M&G International Income	1082	1272	1800	2574	2.3	4.2
SECTOR AVERAGE	1087	1289	1903	2160	2.5	3.0

## International Fixed Interest

Trust	1 year (%)	3	5	10	Volatility	Yield
Baring Global Bond	1033	1235	1641	-	1.5	6.2
Old Mutual Worldwide Bond Inc	1022	1210	1503	-	1.8	5.0
Barclays Uni European Bond Inc	1058	1203	-	-	1.1	5.9
Mercury Global Bond Acc	988	1167	1486	-	1.4	4.9
TSB International Income Inc	988	1156	1420	-	1.8	4.7
SECTOR AVERAGE	980	1078	1384	1672	1.9	5.3

## International Equity &amp; Bond

Trust	1 year (%)	3	5	10	Volatility	Yield
Bank of Ireland Ex Mgd Growth	1068	1449	1991	-	2.0	2.4
Fleming Global Opportunities	1138	1384	1752	-	2.5	3.2
Cazenove Portfolio	1054	1375	1909	-	1.9	2.1
NPI Worldwide Income Inc	1041	1360	1847	-	2.5	1.5
Bellie Gifford Managed	1096	1359	1800	2618	2.3	2.6
SECTOR AVERAGE	1063	1267	1698	2243	2.2	2.4

## International

Trust	1 year (%)	3	5	10	Volatility	Yield
Profit Technology	982	2222	3828	4633	6.6	-
Framlington Health	834	2082	2785	5200	7.2	-
Save & Prosper Financial Secs	1330	1899	3077	3408	3.0	1.4
Save & Prosper Growth	1250	1895	2819	3221	2.7	1.8
Framlington Financial	1185	1812	2828	3688	2.6	0.5
SECTOR AVERAGE	1048	1280	1962	2270	3.3	1.0

## Nth America

Trust	1 year (%)	3	5	10	Volatility	Yield
Hill Samuel US Smaller Cos	987	2256	3510	6342	5.6	-
PM North America Growth	1118	2163	3537	4605	4.5	0.1
Edinburgh North American	1113	1922	3040	3593	3.6	0.8
Royal Life United States	1120	1848	3257	3799	3.6	0.3
Fidelity American Spec Sits	989	1829	2625	3411	4.8	-
SECTOR AVERAGE	1091	1986	2457	3099	4.1	0.5

## Europe

Trust	1 year (%)	3	5	10	Volatility	Yield
Jupiter European	1148	1989	3182	-	3.3	0.2
Baring Europe Select	1102	1853	2836	3164	3.7	0.8
Friends Prov European Gth	1180	1820	2655	-	2.7	-
Allied Dunbar European Growth	1118	1771	2692	2994	3.7	0.1
Gartmore European Sel Opps	1131	1749	2669	3405	2.8	-
SECTOR AVERAGE	1102	1452	2163	2834	3.0	0.7

## Japan

Trust	1 year (%)	3	5	10	Volatility	Yield
GT Japan Growth	971	989	1626	1402	3.6	-
Martin Currie Japan	948	957	1688	-	5.3	-
Henderson Exempt Japan	911	922	1768	1148	5.2	-
Schroder Tokyo Inc	938	916	1913	2109	5.0	-
Hill Samuel Japan Technology	884	906	1881	2175	5.9	-
SECTOR AVERAGE	891	748	1425	1192	5.3	0.2

## Far East Inc Japan

Trust	1 year (%)	3	5	10	Volatility	Yield
Govett Greater China	1318	1341	2737	3298	4.7	-
Abnro Pacific	927	1084	2177	3119	4.0	0.3
Martin Currie Far East	1010	1070	1967	2181	4.6	0.2
Old Mutual Far East Growth Inc	987	1033	1794	-	3.7	0.6
Schroder Far East Growth Inc	986	1027	2246	-	4.5	-
SECTOR AVERAGE	918	947	1869	2073	4.2	0.6

## Far East ex Japan

Trust	1 year (%)	3	5	10	Volatility	Yield
HSBC Hong Kong Growth	1488	1910	3640	6400	6.7	0.8
INVESTCO Hong Kong & China	1428	1552	2862	3959	6.5	0.4
Henry Cooke Eastern Enterprise	1428	1423	-	-	5.4	-
Old Mutual Hong Kong	1307	1418	2681	4614	6.7	0.7
GT Orient Acc	1068	1418	3020	-	5.7	0.1
SECTOR AVERAGE	934	1044	2163	3493	5.4	0.7

## Peps

Trust	1 year (%)	3	5	10	Volatility	Yield
Jupiter European	1148	1989	3182	-	3.3	0.2
Johnson Fry Stellar Growth	1293	1978	2449	-	3.3	0.9
Save & Prosper Financial Secs	1330	1899	3077	-	3.0	1.4
Save & Prosper Growth	1250	1895	2819	-	2.7	1.8
Framlington Health	1185	1812	2828	-	2.6	0.5
SECTOR AVERAGE	1067	1385	1896	-	2.7	2.3

## Property

-	Abnro Property Share	1209	1200	2216	-
1	Barclays Uni Property	1056	1142	1328	-
6	Norwich Property	1082	1081	1437	-
3	SECTOR AVERAGE	1092	1141	1660	-
-					
5					



**FT MANAGED FUNDS SERVICE**

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Company	Mid price	Change on day	Volume	High	Low	Company	Mid price	Change on day	Volume	High	Low
ActivCard	US\$6	0	8,25	4.375		Exxon	US\$8.625	+0.125	700	12.25	5.375
Acorn Systems	US\$10.5	3/160	11,125	9.5		Insight	US\$11.75		32200	11.75	10.375
Chemicals	FFY18.4	+0.5	157000	18	14	Marconi International	US\$10	0	12,75	6.125	
D. Salomon's ADS	US\$24	-0.125	200	26.5	18.875	PayPack	US\$4.125		20000	6.125	3.875

**Exit charges:** The letter E denotes that an exit charge may be levied when you sell units, contact the manager for full details.

**Trust:** The line shown alongside the fund number denotes the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the fund number.

**Individual unit trust name:** The symbol is an

**Scheme particulars and Reports:** The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

SS Association of Unit Trusters and

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**FT MANAGED FUNDS SERVICE**

### Authorized and Insurances

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4978 for more details.

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## PROPERTY UNIT TRUSTS

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**THE NUMBER OF PEOPLE OVER 60**  
*It's hard to imagine people outliving their retirement funds. It's*  
**WILL TRIPLE BY 2030. IT'S TIME FOR**  
*harder still for institutional investors to help prevent it from*  
**YOUR INVESTORS' RETIREMENT**  
*happening. The best way is with State Street. We'll help you better*  
**STRATEGIES TO MULTIPLY AS WELL**  
*serve your investors' needs. Now. And in the distant future.*



### Caring Institutional Investors: Worldview

## OTHER UK UNIT TRUSTS

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### Insurances, Money Markets and Other

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### Offshore Insurances and Other Funds

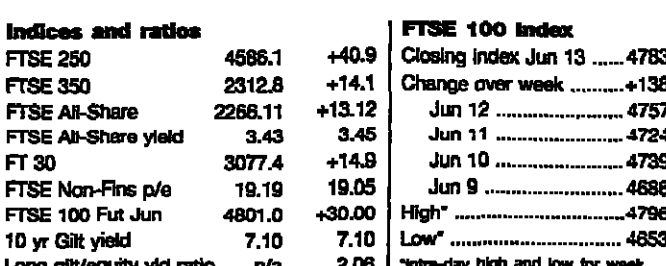
### Offshore Insurances and Other Funds

\* Only available to charitable bodies.  
 \* Yield column shows annualised rates of NAV increase.  
 The fund prices published in this edition are  
 also available at the Financial Times' web site,  
<http://www.ft.com>



## Footsie hits new intra-day and closing highs

too high in the frenzy surrounding the Norwich flotation.



## NEW 52 WEEK HIGHS AND LOWS

**NEW HIGHES ONLY.**

**ALCOHOLIC BEVERAGES (A)** Greyfriar, Manx, Netalco, (C) Breweries, Pabst & Heary (F) Yates Bros Food, Ballantine & Coaster (F) Jervis, Muller & A. Hectors & Chemicals (I) SOC. DISTRIBUTORS (J) Carlsberg, Heak-FE, UMECO, OVERSEAS HOLDINGS (L) ELECTRICITY (M) HEALTH CARE (N) FIDELITY INVESTMENT & SECURITIES (O) INVESTMENT TRUSTS (P) INVESTMENT COMPANIES (R) MEDIA (T) Thomson Corp., ON. REPUTATION (U) FIRED OR AUTOMATED (V) OTHER FINANCIAL (W) Foreign Products, PAPER, PACKING & PRINTING (X) Smurfit, J. (Y) ZEPHYRUS (Z) PROPERTIES (AA) RETAILERS, GENERAL (BB) Stores, Dr. Universal, Martin & Spencer, Wallages & Ashes, SUPPORT (CC) CASH & CREDIT (DD) CONSUMER GOODS (EE) TOBACCO & MATCHES (FF) TOWNS & VILLAGES (GG) TEXTILES & APPARELS (HH) DOWDLES, TOBACCO (II) BAT VAN, TRANSPORT (JJ) AIM (K) REALTY (LL) THE CANADIAN (MM) NEW LOWS ONLY.

**GULTS (A) ALCOHOLIC BEVERAGES (B)** Matthew Carr, BULLDOG & COSTER (C) Campbell & Armstrong, BLOD MATTAR & RIGHTS (D) CSR, Lillies & J. Chemicals (E) Brunner Mond, DISTRIBUTIONS (F) Harro Parf. ELECTIONS (G) ELCTRIC (H) GLEET OYST (I) Sunrhythm, INSURENGERS (J) S&C, VEHICLES (K) Achmet, YLF, EXTRACTIVE INDUS (L) RICHARD GARRICK, WOODS (M) UNIVERSAL (N) Derby, INSURANCE (O) Kim Capital, Topgemmer, INVESTMENT TRUSTS (P) BRITISH HOTELS (Q) MEDIA (R) VTB, OIL PRODUCER & EXPORTER (S) STEEL CORP., OTHER FINANCIAL (T) Baltic Inc, Syngma Food Management, PHARMACEUTICALS (U) British Overseas, M. (V) RETAILERS, GENERAL (W) SUPPORT SERVICE (X) ENF FACT, Mexico & TELECOMMUNICATIONS (Y) AIRLINE & TRANSPORTS & APPARELS (Z) UK Society, AIM (AA).

before the announcement was made.

. Names in the frame included Hillside Holdings, Booker, Ungate, Hazlewood Foods, Geest, Fyffes, Royal Alhold of the Netherlands, or Dole of the US, although analysts could find reasons to scoff at all the suggestions.

BAA responded positively to its 9 per cent year-on-year rise in passenger figures for May, and the shares rose 25½ to 589p.

Fears that the UK government will allow or possibly block PacificCorp's bid for British Airways were

■ CHIEF PRICE CHANGES  
**YESTERDAY**

London (Pence)

Rises

Albert Fisher	46½ + 12
Antofagasta	475 + 47
BTP	303½ + 14
British Steel	168¼ + 7
Cycle Blowers	377½ + 16
CSG	56½ + 5
Eng China Kays	210 + 23
FKI	193 + 13
Grand Wharfley	115 + 16
Great Universal	701 + 38
Recland	382½ + 23
Roll-Royce	258 + 9
Traut	138½ + 9
Unicom Int	219 + 64
Westcott Group	1134½ + 12
Wimpy (G)	148 + 10
Yates Bros	527½ + 30

Falls

Inspirations	68½ - 12
Logica	755 - 95
Rank Group	385 - 40
S&P Group	1170½ - 84
Tilbury Douglas	70 - 72

attention was likely to focus on consolidation in the European defence industry and BAe shares, which were up 8½ to £13.89p.

Elsewhere in engineering there were reports of switching out of LucasVarity down 3 to 206p after a recent surge prompted by results into GKN, up 27 to £10.58p.

One analyst said LucasVarity had reached a par with GKN in terms of rating, but was not seen to be of quite the same quality.

Hemlys was up 15½ after 490½ after a broker visit to its wages factory.

Shian in computing products and services distributor Azlan Group were suspended at its request, just minutes before the market close. The stock had fallen 3 to 556p.

Azlan said it had asked for the suspension "in the light

Engineering stocks made their usual entrance into the spotlight ahead of the Paris air show, which starts tomorrow. Analysts said

The company said the issues are being investigated but warned that the move will delay the publication of the final results expected on June 26.

**RISKS AND FALLS**

	On Friday			Over 5 days	
	Rise	Fall		Rise	Fall
British Funds	30	20	13	197	167
Other Fund Interest	0	0	0	167	26

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**FTSE**  
INTERNATIONAL











Highs &amp; Lows shown on a 52 week basis

## WORLD STOCK MARKETS

## NORTH AMERICA

NYSE (Jun 13/US)

DJIA (Jun 13/US)

NASDAQ (Jun 13/US)

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## INDICES

	Jun 12	Jun 11	High	Low	1997		Jun 12	Jun 11	High	Low	1997			
Argentina (Jun 12/77)	3082.8	2281.7	2008.0	126	1827.37	Japan	1530.25	1226.45	1508.83	1528.92	1236	1387.82		
Australia (Jun 12/100)	2053.1	2038.1	2012.7	2008.0	136	2022.20	141	1514.40	1512.55	1503.16	1236	1518.03		
Belgium (Jun 12/100)	94.1	93.0	93.6	92.0	242	93.40	164	Malaysia						
Canada (Jun 12/100)	43.4	41.7	43.1	42.0	95	37.40	91	KUCC (Jun 14/98)	1107.38	1108.41	1108.25	1221.57	242	1047.15
France (Jun 12/100)	1322.9	1281.8	1300.5	1282.0	225	1282.21	102	Indonesia						
Germany (Jun 12/100)	2405.3	2391.2	2382.0	2365.0	136	1871.06	141	ICSE (Jun 15/98)						
Italy (Jun 12/100)	1182.2	1148.0	1152.0	1120.0	121	606.58	130	Netherlands						
Japan (Jun 12/100)	952.10	931.50	931.50	905.10	103	642.36	102	OSG (Jun 16/98)	592.2	594.8	591.2	592.0	136	728.00
Spain (Jun 12/100)	61.10	60.10	60.10	59.10	142	59.10	136	SA of Sweden (S)	97.5	98.1	97.2	98.0	136	450.00
Sweden (Jun 12/100)	333.30	333.30	333.30	333.30	136	333.30	102	New Zealand						
Switzerland (Jun 12/100)	542.30	535.47	535.47	524.30	126	492.42	102	Dep. 401/7988	2268.29	2281.28	2284.57	2448.21	201	2267.48
Taiwan (Jun 12/100)	581.20	571.10	571.10	568.20	136	471.11	102	Hong Kong						
UK (Jun 12/100)	3143.1	3138.8	3142.2	3143.1	136	2483.28	102	Osaka (Jun 21/93)	1965.94	1971.34	1963.71	1968.00	96	1968.03
US (Jun 12/100)	1855.3	1811.7	1781.4	1838.2	165	1333.19	102	Philippines						
US Comp (Jun 12/100)	2003.2	2003.2	2003.2	2003.2	136	2003.21	102	Republic of Korea (Jun 19/98)	2001.61	2007.74	2007.28	2007.28	2005	2008.38
Germany (Jun 12/100)	1271.5	1267.1	1267.1	1267.1	136	882.21	102	Portugal						
France (Jun 12/100)	1743.0	1737.3	1737.3	1737.3	136	1743.01	102	SAI, 30/9/1993	61	3388.40	3302.26	3348.08	126	2165.57
Italy (Jun 12/100)	374.4	377.8	377.8	374.4	136	248.77	102	Singapore						
Japan (Jun 12/100)	1412.5	1384.34	1421.2	1408.0	136	1282.21	102	SGS 44-1 (Jun 24/97)	493.00	491.11	494.16	523.03	722	478.94
Spain (Jun 12/100)	402.30	392.35	392.35	392.35	136	322.24	102	South Africa						
Sweden (Jun 12/100)	685.2	685.2	685.2	685.2	136	685.21	102	SAI (Jun 30/97)	1123.09	1147.11	1164.0	1208.00	272	1250.00
Switzerland (Jun 12/100)	335.4	335.4	335.4	335.4	136	225.27	102	SAI 44-1 (Jun 24/97)	652.1	652.1	654.7	658.70	136	708.00
Taiwan (Jun 12/100)	733.7	711.8	733.7	733.7	136	682.21	102	South Korea						
UK (Jun 12/100)	1191.0	1191.0	1191.0	1191.0	136	881.01	102	South Korea (Jun 19/98)	760.15	774.86	763.79	760.15	136	61.05
US (Jun 12/100)	2323.5	2323.5	2323.5	2323.5	136	1733.05	102	Spain						
US Comp (Jun 12/100)	255.2	254.6	254.6	255.2	136	254.61	102	Spain (Jun 25/97)	252.29	256.47	257.88	260.19	136	434.94
Germany (Jun 12/100)	1271.5	1267.1	1267.1	1267.1	136	882.21	102	Sweden						
France (Jun 12/100)	1743.0	1737.3	1737.3	1737.3	136	1743.01	102	Switzerland						
Italy (Jun 12/100)	374.4	377.8	377.8	374.4	136	248.77	102	SAI (Jun 17/97)	5384.45	5384.2	5308.6	5394.40	126	5822.88
Japan (Jun 12/100)	1412.5	1384.34	1421.2	1408.0	136	1282.21	102	SAI (Jun 17/97)	3335.06	3300.04	3271.89	3289.15	136	2559.22
Spain (Jun 12/100)	402.30	392.35	392.35	392.35	136	322.24	102	Taiwan						
Sweden (Jun 12/100)	685.2	685.2	685.2	685.2	136	685.21	102	Wapnet	1000.68	1000.68	1000.68	1000.68	126	6944.31
Switzerland (Jun 12/100)	335.4	335.4	335.4	335.4	136	225.27	102	Thailand						
Taiwan (Jun 12/100)	733.7	711.8	733.7	733.7	136	682.21	102	Thailand (Jun 25/98)	515.00	518.76	521.40	559.97	221	515.00
UK (Jun 12/100)	1191.0	1191.0	1191.0	1191.0	136	881.01	102	TRW	1533.00	1627.00	1680.00	1679.00	96	955.00
US (Jun 12/100)	2323.5	2323.5	2323.5	2323.5	136	1733.05	102	World						
US Comp (Jun 12/100)	255.2	254.6	254.6	255.2	136	254.61	102	MS Capital (Jun 17/97)	935.0	931.3	924.7	920.00	136	794.00
Germany (Jun 12/100)	1271.5	1267.1	1267.1	1267.1	136	882.21	102	MS Capital (Jun 17/97)	935.0	931.3	924.7	920.00	136	794.00
France (Jun 12/100)	1743.0	1737.3	1737.3	1737.3	136	1743.01	102	Bank of America	2441.59	2404.55	2385.82	2441.59	136	1983.00
Italy (Jun 12/100)	374.4	377.8	377.8	374.4	136	248.77	102	FISD 10 (Jun 25/98)	2022.93	2022.93	2043.43	2082.00	136	1983.00
Japan (Jun 12/100)	1412.5	1384.34	1421.2	1408.0	136	1282.21	102	FISD 10 (Jun 25/98)	64	433.31	412.19	426.82	201	381.04
Spain (Jun 12/100)	402.30	392.35	392.35	392.35	136	322.24	102	FISD 10 (Jun 25/98)	64	433.31	412.19	426.82	201	381.04
Sweden (Jun 12/100)	685.2	685.2	685.2	685.2	136	685.21	102	FISD 10 (Jun 25/98)	64	433.31	412.19	426.82	201	381.04
Switzerland (Jun 12/100)	335.4	335.4	335.4	335.4	136	225.27	102	FISD 10 (Jun 25/98)	64	433.31	412.19	426.82	201	381.04
Taiwan (Jun 12/100)	733.7	711.8	733.7	733.7	136	682.21	102	FISD 10 (Jun 25/98)	64	433.31	412.19	426.82	201	381.04
UK (Jun 12/100)	1191.0	1191.0	1191.0	1191.0	136	881.01	102	FISD 10 (Jun 25/98)	64	433.31	412.19	426.82	201	381.04
US (Jun 12/100)	2323.5	2323.5	2323.5	2323.5	136	1733.05	102	FISD 10 (Jun 25/98)	64	433.31	412.19	426.82	201	381.04
US Comp (Jun 12/100)	255.2	254.6	254.6	255.2	136	254.61	102	FISD 10 (Jun 25/98)	64	433.31	412.19	426.82	201	381.04







## COMPANIES AND FINANCE

## St Gobain agreed £86m bid for Unicorn

By Peter Marsh

St Gobain of France, one of Europe's biggest glass-makers, yesterday reinforced its position as the world's biggest maker of abrasive products through an agreed offer to buy the UK company, Unicorn, for £86m.

Abrasive is used for finishing metals in a range of sectors including cars, aerospace and industrial equipment.

The cash offer, at 225p a share, represents a 45 per cent premium to Unicorn's closing price on Thursday. Yesterday the shares jumped 64p to 219p. The valuation is 69 per cent above the flotation price.

Unicorn, which has its origins in the 1830s but was floated under its current name in December 1995, is the UK leader in abrasives, with pre-tax profits last year of £7.3m on sales of £102.1m.

It has 19 plants, seven of them in the UK, and employs 1,700 people.

Mr Jean-Louis Bette, chairman of St Gobain, said the acquisition represented "an important step in our strategy of enhancing the range of products we offer our customers." A particular attraction was that the purchase gave St Gobain an abrasive division in its first UK factories.

Mr Lindsay Bury, chair-

man of Unicorn, said the deal would provide a platform for further growth in both businesses, as the product ranges were complementary.

Mr Roger Brocklebank, analyst at Albert E Sharp, said the offer "represents good value for the shareholders and also has industrial logic".

A block of shareholders owning 33.7 per cent of Unicorn has told St Gobain it

will accept the offer. These groups include Apex, the venture capital company, which has a 30.7 per cent stake, and Unicorn's directors, who hold 3 per cent.

Apex became involved with Unicorn in 1992 when funds under its control bought the company from Burnham Castrol, the lubricants and chemicals group. For much of this century, the company traded as Universal Grinding Wheels,

based in Stafford.

St Gobain does not reveal its revenues from abrasives, but these are believed to be about £11m a year. Other companies with large shares of the global market include 3M of the US, Asahi of Japan, Germany's Winter and Diamant Board of Belgium.

Dresdner Kleinwort Benson is advising St Gobain and Hambros is acting on behalf of Unicorn.

## Tilbury placing discount excessive

By Virginia Marsh

Philip Holzmann of Germany yesterday sold its 29.5 per cent stake in fellow construction company Tilbury Douglas, at 575p a share, only to see the stock end the day nearly 17 per cent higher.

The shares, which opened at 742½p, fell almost 12 per cent to 655p after the placing was announced, before recovering to end at 670p.

Analysts, who rate the UK construction company highly, said they were amazed the stock, which had performed strongly this year, had been sold at such a discount.

"It is ludicrous that it was priced so low. Two weeks ago, you would have had to pay close to 800p for this stock," one analyst said. "We thought it would go for at least 650p. The fact that it ended at 670p, despite the size of the stake placed, shows that price was a lot closer to the mark."

UBS and Cazenove, which were joint lead managers, declined to comment.

It is understood, however, that Holzmann was keen to see a quick sale. Germany's biggest construction company is in the midst of cost-cutting and refocusing its operations after large losses at some overseas subsidiaries. It has insisted it will continue to work with Tilbury in Britain.

It originally purchased 14 per cent in the UK company in 1990. It is understood to have paid an average of about 550p for its holding, although it will benefit from the recent strengthening of the pound against the D-Mark.

However, the £57m before expenses that it will raise from the sale is below the DM180m (£63.8m) to DM200m range it said it expected when announcing the sale a week ago.

In the long term, analysts believe the placing will help the stock, which had been illiquid because of the Holzmann stake.

The company is also benefiting from improving conditions in the construction and property sectors. Pre-tax profits are forecast at £23m (£19m) and earnings per share at 46.2p for 1997. This gives a forward p/e of about 14 which, despite yesterday's fall, is still at a small premium to the sector.

## Benchmark in £7.3m purchase

By Gary Rimmer

Benchmark Group, the property investment and development concern, has exchanged contracts to purchase the leasehold interest in 164 New Bond Street, and 11/14 Grafton Street, London, for £7.3m cash.

The property provides 21,667 sq ft in seven shops, three floors of offices, two residential units and 19 car spaces.

Earlier this month the group announced the acquisition of a portfolio of 11 properties in London, from Friends Provident Group, and Wool House, in London, from Chelsfield, together with a 1-for-1 rights issue at 200p to raise £119m.

## No bar to chocolate makers' merger

By Christopher Price

The UK government yesterday approved the merger of two of the biggest suppliers of chocolate to the British independent confectionery market.

Barry and Callebaut have 73 per cent of the £240m "open market" for couverture, the basic chocolate product used in a variety of confectionery. The two groups, however, have only 15 per cent of the overall couverture market, which is dominated by Cadbury Schweppes, Mars and Nestlé. These supply their own couverture.

A second tier of companies, including United Biscuits and Terry's Suchard, also have a higher proportion of the total market than the proposed merger group.

The merger is part of the acquisition by Callebaut, the French manufacturer group headed by the Swiss financier Mr Klaus Jacobs, of Société Centrale D'Investissements et Assurances, which owns Barry. The proposed takeover has already been barred by the Belgian competition authorities.

Mr Nigel Griffiths, the UK competition and consumer affairs minister, accepted the recommendation of the Monopolies and Mergers Commission, which said that other couverture manufacturers could act as alternative suppliers to Barry and Callebaut. The MMC also said that

barriers to entry to the industry were not high and other manufacturers could be drawn in.

This latter point won support yesterday from two of the deal's stiffest critics, Bendicks and Thorntons, the speciality chocolate groups. Both buy a large proportion of their couverture from Barry and Callebaut, but said there were already signs of new suppliers emerging, prompted by the proposed deal.

"Others are seeing this as an opportunity, without doubt," said Mr Peter Baldwin, operations director of Thorntons. He said this ranged from existing smaller suppliers, looking to increase output, to others considering entering the manufacturing process. This included a group of former Barry managers who had secured backing to build a new plant.

Mr Paul Settel, managing director of Bendicks, said he hoped Barry would pass merger cost savings to customers, as it had indicated to the MMC. However, he added: "There are alternative suppliers emerging."

Both men said their initial hostility to the deal had since been tempered by the latest developments. Callebaut was unavailable for comment.

Mr Griffiths said the MMC believed that some "customers could be expected to enjoy significant bargaining power and that the pricing of couverture was relatively transparent".



Klaus Jacobs, head of the Callebaut group of France

## Netscape claims ransom attempt

By Louise Kehoe in San Francisco

Netscape Communications, the leading internet software company, yesterday claimed an attempt to hold it to ransom by a Danish software developer, who claims to have found a serious security flaw in the latest version of Netscape's browser programme.

Netscape yesterday said it was attempting to verify the software bug, but was hampered by the lack of technical details. The bug was, however, demonstrated to technicians in the testing laboratories of PC Magazine, a leading US personal com-

puter publication, said Mr Michael Miller, its editor.

According to Mr Miller, the bug enabled a rogue website to read files from the hard disk of a PC without the knowledge or permission of the user. However, the website operator could only read files for which they had the file names, Mr Miller noted.

Mr Christian Orellana, of Cabocomm, in Aarhus, contacted Netscape on Monday, the company said, claiming to have found the security flaw. By email he sought "a great deal of money" for information about the bug, the company said. Netscape said Mr Orellana had written:

"I think this information is so valuable to Netscape that it should be worth a great deal of money... I think the person most suited to handling this is someone in charge of the company's checkbook."

Netscape, which offers "bounty" payments of \$1,000 to anyone who can find a verifiable bug, refused to pay more, it said.

Yesterday, Mr Orellana told the FT, by email, that he had offered to provide details of the bug to Netscape free of charge. Netscape had taken his earlier email remarks out of context and distorted them, he claimed. The company also

left out "smileys" - symbols that are used in email to denote humour - he said.

Netscape said it aimed to verify and, if necessary, fix the bug as quickly as possible. The company expected to complete testing before the end of the day.

The alleged bug report comes at a crucial time, after the launch this week of Netscape Communicator, a new version of its internet access software. Netscape is locked in a marketing battle with its rival Microsoft, the world's largest software company, which is about to launch a competing product.

See Lex

## Norwich Union issue over subscribed

By George Graham and Christopher Brown-Humes

Massive oversubscription of both the institutional and private investor offers for shares in Norwich Union, the demutualising UK life and composite insurer mean the public offer is expected to be priced at 290p.

This is at the top of the 240p-290p range and would mean a 265p price for members after their 25p discount is taken into account.

The institutional offer, which closed at 5pm yesterday, was "massively oversubscribed" according to one observer, who added "it would be very difficult for Kleinwort (the merchant bank advising Norwich Union) not to price it at the top of the range given the huge demand."

All Norwich Union's 2.9m members are receiving free shares as part of its flotation. However, members, other private investors and institutions have been invited to subscribe for additional shares as part of a £2.4bn share offer.

There could be an instant profit of as much as 85p a share for members who sell their additional shares on Monday when trading begins. IG Index, the financial bookmakers, yesterday suggested the shares would close at 350p-355p on that day, while rival City Index suggested a 343p-353p range. However, some angry Norwich Union investors who hoped to make a quick profit, being unable to sell their shares for more than a week.

Many members wanted to "tag" the issue by applying for the maximum £100,000 allocation, hoping to sell straight away for a quick profit. But Norwich Union will only determine how many shares each applicant will get on Sunday, and will not post their share certificates until June 20.

## Albert Fisher shares jump on bid approach

By Maggie Urry

Shares in Albert Fisher jumped 12½p to 46½p yesterday, after the UK produce and seafood group announced it had received an approach "which may or may not lead to an offer being made" for the company. At 46½p the market value is £335m, and a buyer would have to assume debt of about £120m.

The company made no further comment, but it is believed that unusual activity in the stock market pushed it into making a statement. Talks were apparently at a fairly early stage.

One person close to the deal suggested that the potential bidder was a trading company located outside the UK, probably in north America. Analysts rapidly ruled out suggestions of a UK food industry buyer in preference to a "financial" bidder which would break the company up.

Albert Fisher has had a chequered history. Its acquisitive expansion suited the market's mood in the 1980s, and at its peak the group was worth £780m.

But its fortunes turned, and in 1992 Mr Tony Miller,

architect of the group's growth, was ousted from his job as executive chairman.

Mr Stephen Walls, who led the coup as a non-executive director, became chairman and has since attempted to restructure the business. Last year Mr Neil England joined as chief executive to head the next phase of development.

The shares have continued to perform badly and investors were not happy when the company announced a £27m acquisition 10 days ago.

One shareholder, speaking on condition of anonymity, said he had told the management the business should be run for cash to finance dividends. At their low, the shares were yielding 14 per cent, which the shareholder said "was sustainable so long as they didn't make any acquisitions".

The shareholder said: "We would put a value of 55p to 60p on it. We would give serious consideration to a bid at 57½p, especially if the management recommended it".

## New doubt over GrandMet deal

By David Owen in Paris

LVMH, the French luxury goods group, yesterday cast new doubt on the proposed merger of the UK's Grand Metropolitan and Guinness by starting arbitration proceedings over the planned £23.8bn deal.

The French company said it had submitted a request for arbitration to the Paris-based International Chamber of Commerce, an independent body for arbitrating commercial disputes.

It said it considered the merger, which would create the world's largest spirits and wines group, a "control event" under the terms of various agreements with Guinness. The UK company contests this claim.

The French group, which is Guinness's largest shareholder with a 14 per cent stake, argues the merger would give it the option of purchasing - at net asset value - the UK company's interests in all their existing distribution joint ventures.

It says it could also exercise rights to repurchase Guinness's 34 per cent holding in its Moët Hennessy drinks arm at a discounted price.

Ending the joint ventures would strip Guinness of control over sales in key emerging markets and block the use of these outlets to distribute GrandMet brands.

Guinness said yesterday it was "clear" LVMH's claim "lacks any legal basis" and was confident the arbitrating body would find accordingly. It said its view had been unequivocally supported by opinions it obtained from independent legal counsel in "relevant jurisdictions, including France".

Mr Bernard Arnault, LVMH chairman, has said he had the opinion of France's top legal mind that LVMH had a "black and white" case in asserting the merger was a "control event". Although the formation of the merged entity, to be known as G&M Brands, is structured as a Guinness takeover, Mr Arnault sees it as a GrandMet bid, in which the latter company emerges with the most important jobs.

Mr Tony Greener, Guinness chairman, said he was not surprised by yesterday's development and was confident the timetable for the merger would be unaffected.

## NEWS DIGEST

## Glaxo Wellcome in US purchase

Glaxo Wellcome, the UK pharmaceutical group, is buying a US company which studies links between illness and genetics.

Glaxo has acquired Spectra Biomedical, a Californian association genetics business which employs 15 people, for \$9m (£5.5m). The group said association genetics provided a rapid means of working out whether diseases are related to specific genes.

"We believe association genetics will be a key technology over the next few years in helping to validate target molecules for drug discovery and in the conduct of clinical trials," said Dr Allan Baxter, group research director.

Glaxo said it had made the acquisition to obtain Spectra's association genetics expertise and its clinical database. The two companies had previously worked together on a project to work out the genetic basis for migraine. Spectra's president and its senior scientist will join Glaxo's research and development department.

Michael Peel

## Texas undecided on Mackie

Texas Group, the investment vehicle of Mr Mike McDonald, chairman of Sheffield United football club, said yesterday it had made no decision whether or not to make a formal approach to Mackie International, the Belfast-based engineering company.

In response to press reports, Texas confirmed however, it had written to the company "a few weeks ago" to establish whether it may be worthwhile opening talks, but received a negative response.

Mackie is expected to make an announcement to the Stock Exchange early next week on its financial position, after suspending its shares on April 21 at a price of 113p. At the time, Mr Sul Sahota, the chief executive appointed in March, indicated the accounts may have to be restated. On March 28, Mackie announced a full year pre-tax loss of \$400,000, against a profit of £2.3m the year before.

It emerged yesterday Mackie has replaced both its advisers - the London broker Teather & Greenwood and English Trust - which had managed Mackie's share placing in 1994 when the company went public.

John Murray Brown in Dublin

## Formula One start delayed

Advisors to Formula One Holdings are expected to decide early next week to push back the date of its international stock market flotation from July to September.

Salomon Brothers, the US investment bank advising the company that markets the television rights to the Formula One circuit, had originally hoped to float the business next month to coincide with the British Grand Prix at Silverstone.

However, preparations for the flotation have been dogged by disputes among the 10 teams over revenue sharing, and between the teams and Mr Bernie Ecclestone, the businessman who built the Formula One television business, over the size of the teams' equity stakes in the floated company.

The process has also been slowed by the complex task of conducting due diligence on all of Formula One's television contracts around the world, and by the need to address the legal issue of whether the broadcasting rights to the sport can be marketed centrally. The company is expected to be valued at £1.4bn-£1.8bn when it finally comes to the market in New York and London.

Patrick Harverson

## Queensborough buy in France

Queensborough Holdings, the caravan parks and leisure group, has acquired a fourth caravan park in France for FF20m (£2.1m) in cash. Half the consideration has been financed by local bank borrowings, with the balance from cash available from the recent placing.

It is Queensborough's fifth acquisition and the third in France since January. The Parc d'Ily is a freehold 75-acre site in southern Brittany. It has been privately owned and no audited information is available.

ABI Leisure Group, the UK's largest manufacturer of caravans, has acquired a French campsite, Camping Holiday Marina, at Port Grimaud, near St Tropez. The consideration, which also includes the business of the campsite, is FF10m (£1.05m) cash.

ABI, the second biggest European caravan maker, said the acquisition was the first step in a new strategic development to expand its operations in Europe by creating a new division to own and manage campsites and sell leisure homes on the sites acquired.

## Pace Micro to lose finance director

By Raymond Snoddy

Pace Micro Technology, a fallen star of last year's new issues market, is about to lose another member of its management team. Pace's shares plunged early this year after two profit warnings.

The company announced yesterday that Mr Steve Jones, finance director, wanted "to devote more time to interests outside the company".

Mr Peter Morgan, chairman of Pace, the largest supplier of digital set-top decoders in Europe, said the search for a new finance director would proceed in parallel with the hunt for a new chief executive. Mr Jones will stay at Pace until his replacement has been found.

In the past, the West Yorkshire-based company was run by joint chief executives, its founder Mr David Hood and Mr Barry Rubery. Mr Rubery left in February "due to irreconcilable differences of management style".

Earlier that month there had been two profit warnings in three weeks, and on February 26 the shares had tumbled 71p to 86p, compared with the flotation price of 172p in June 1996. Their high was 342½p, valuing the company at more than £500m.

They closed up 1p, at 82½p, yesterday.

Pace also announced yesterday that a new company secretary Mr Anthony Dixon would join the company on Monday from Yorkshire Water.

Prices for electricity generated by the two power stations of the electricity generating company, announced in England and Wales									
Period	Price	Period	Price	Period	Price	Period	Price	Period	Price
1st period	14.27	1st period	14.27	1st period	14.27	1st period	14.27	1st period	14.27
2nd period	14.27	2nd period	14.27	2nd period	14.27	2nd period	14.27	2nd period	14.27
3rd period	14.27	3rd period	14.27	3rd period	14.27	3rd period	14.27	3rd period	14.27
4th period	14.27	4th period	14.27	4th period	14.27	4th period	14.27	4th period	14.27
5th period	14.27	5th period	14.27	5th period	14.27	5th period	14.27	5th period	14.27
6th period	14.27	6th period	14.27	6th period	14.27	6th period	14.27	6th period	14.27
7th period	14.27	7th period	14.27	7th period	14.27	7th period	14.27	7th period	14.27
8th period	14.27	8th period	14.27	8th period	14.27	8th period	14.27	8th period	14.27
9th period	14.27	9th period	14.27	9th period	14.27	9th period	14.27	9th period	14.27
10th period	14.27	10th period	14.27	10th period	14.27	10th period	14.27	10th period	14.27

Prices for electricity generated by the two power stations of the electricity generating company, announced in England and Wales

Period Price Period Price Period Price Period Price Period Price

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**TOSHOKU FINANCE NETHERLANDS B.V.**  
US \$ 15,000,000  
FLOATING RATE NOTES DUE 1999

In accordance with the provisions of the Notes, notice is hereby given as follows:

- \* Interest period: June 13, 1997 to December 15, 1997
- \* Interest payment date: December 15, 1997
- \* Interest rate: 6.7375% per annum
- \* Coupon amount: US\$ 34,623.25 per Note of US\$ 1,000,000

Agent Bank  
BANQUE INTERNATIONALE  
A LUXEMBOURG

Handwritten signature: *محمد الجليل*







## PacifiCorp in \$5.9bn offer for Energy Group

By Simon Holberton

Shares fell yesterday in Energy Group, the Anglo-US energy company, amid concerns that Oregon-based PacifiCorp's \$5.9bn (\$6.94bn) offer for the company would be referred to the UK Monopolies and Mergers Commission.

The big US utility yesterday announced a recommended 690p-a-share cash offer for Energy Group, which comprises the UK's only vertically integrated electricity company and the biggest coal company in the US.

Investors will also be entitled to a 5p-a-share dividend, which Energy Group declared yesterday when it published its first set of results since it emerged from Hanson and listed on the stock exchange at the end of February.

PacifiCorp's offer represents a premium of 19.9 per cent on Energy Group's share price immediately before news of a possible bid leaked on Tuesday. However, the shares closed 5p lower at 643p.

Analysts said there was

some disappointment the offer was not higher, but the main concern was a possible government reference of the bid to the MMC.

"This is not necessarily a done deal," said one analyst. "They [Labour party officials] said so much in opposition about MMC references that if they still believe it they could think of a reason to refer the bid."

The offer price was generally regarded as reasonable. "They're not going to get a better offer and they'll never trade at 700p, so take the money," one analyst said.

Mr Derek Bonham, executive chairman of Energy Group, said the price represented "excellent value for our shareholders" and that he and the board would accept it.

Mr Frederick Buckman, president and chief executive of PacifiCorp, said the takeover represented a "landmark step" for his company. It "will position the combined group as a premier global energy group with a leading presence in three continents".

PacifiCorp is a low-cost generator that distributes and transports electricity in seven western states of the US. It also has generation and electricity distribution assets in Victoria, Australia.

Mr Richard O'Brien, chief financial officer, said the company had arranged finance with Citibank, J.P. Morgan and Goldman Sachs.

PacifiCorp's debt would rise from \$6bn to \$13.7bn because of the transaction. But the company's sale of Pacific Telecom, its telecommunications subsidiary, would allow the retirement of \$1.5bn of that debt.

Energy Group published its maiden results for the year to end-March, which, on a pro forma basis, showed a fall in pre-tax profit to \$412m from \$447m.

Turnover was \$4.6bn, up from \$3.76bn.

Energy Group was advised by Leazard Brothers and Morgan Stanley. PacifiCorp by Goldman Sachs.

See Lex

## Malaysian Mining in plan for \$450m bond issue

By James Kyngs in Kuala Lumpur and Robert Corzine in London

Malaysian Mining, the country's foremost mining concern, is planning a euro-bond to raise up to \$450m (\$280m), mainly to finance diversification into international oil and gas activities.

Industry executives said the bond issue still needed approval from Malaysia's central bank, Bank Negara.

The bank is conservative about allowing companies to issue bonds denominated in foreign currencies and only big chip Malaysian companies are given the go-ahead.

Malaysian Mining, which has been diversifying from its core mining business over the past three years, is expected to use the funds for two projects.

One is an Australian oil exploration company, Cityview Investments, in which Malaysian Mining took a 40 per cent stake last year for A\$8.5m (\$7.2m).

Cityview has licences for four small oil fields in Indonesia which are expected to start producing 600 barrels of oil a day when they go into production this year, rising to more than 12,000 b/d by 2001.

The other project is an exploration in Thailand.

Malaysian Mining has recently established other operations, including a 250 mega-watt hydroelectric plant in Mongolia, a gold mining venture in Kyrgyzstan and the Vung Tau port project in Vietnam.

The company is also thought to be close to taking a large minority stake in Northern Petroleum, a London-listed oil exploration and development company with interests in Russia. The investment would be part of the company's effort to emulate Petronas, the Malaysian state oil company.

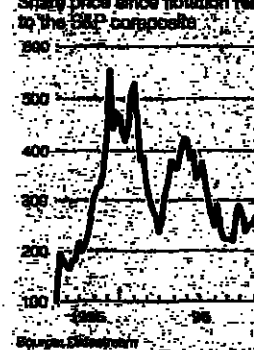
In Malaysia, the company is involved in two big infrastructure projects: a toll expressway and a sewerage project. Some funds from the bond issue may be used for the expressway.

## THE LEX COLUMN Netscare

Eurotrack 200 index 2479.3 (+29.1)

Netscape

Share price since flotation relative to the FTSE composite



When Netscape launched its "bugs bounty" programme for rewarding those who find glitches in its software, it probably thought it was being cute. Now it is faced with the first of the web bounty hunters - a young Danish programmer who said he would reveal details of a bug he has discovered only if paid a large sum of money. Mr Christian Orellana is reported to consider Netscape's normal bounty - a T-shirt and \$1,000 - "insultingly low".

The risk to Netscape software users does not look too severe. The bug does allow web site operators to steal data from people who visit them - but only if they already know the names of the computer files. Moreover, Mr Orellana apparently has no intention of telling others how to exploit the bug.

That said, the incident is worrying for Netscape and the industry. The bugs bounty programme, which has already paid out 20 times, is itself testimony to the fact that modern software is launched on the market infested with bugs. Other suppliers like Microsoft and Sun have not been immune.

There are two reasons for the plague. First, software has become so vast that it is difficult to spot the bugs. Second, companies are not trying hard to decontaminate their products before launching them on the world, relying instead on enthusiasts to test out so-called beta versions for free or, at best, T-shirts plus pocket money. What the episode shows is that free lunches may well contain worms.

Rank shares are back where they were when the company started cashing in its £1.6bn (\$2.6bn) Xerox stake almost 30 months ago, making it the fifth worst performer in the FTSE 100 index. Yet it has been an astute move. It was a passive investment, generating a low cash return over which the management had no control.

The fall in the share price, down nearly 10 per cent yesterday, therefore smacks of overreaction. But concerns have rightly focused on whether Mr Andrew Teare, Rank's new chief executive, will get decent returns from reinvesting Xerox cash. And yesterday's trading statement gives little comfort. Rank has got a new US video duplication plant on stream, yet volumes have dropped by a quarter. Its Tom Coughlin pub purchase still looks uninspired. Moreover, Rank's reactions appear to have been slowed by its conglomerate structure. Would Hard Rock have taken so long to spot investment opportunities as an independent business? Would the management of a demerged holiday company have survived if it backed a US division generating a 2 per cent return on capital?

At current lowly ratings it should not be hard for Mr Teare to regain credibility, although it may take the planned £250m share buy-back to spark a recovery. But in the meantime, the management should work on plans to buy goodwill with a larger buy-back, tackle its poor performers and have a long hard look at corporate structure. The prospects for Rank's managed businesses look better next year, but unless the management takes tough action, investors may not care.

## Energy Group

## Formula One

The Formula One flotation is set for a pit stop, but will it be rolled out again? Numerous City of London mechanics are on hand to pump up the tyres. But the fact remains that Formula One's legal and corporate structure does not yet look roadworthy.

The central problem is that Formula One seems in too much of a race to float. Target valuations leaked in the early stages of due diligence and have fallen fast. And the ultimate ownership structure remains fluid. Investors will need to know more about the role of the sport's governing body, the FIA, which extended management rights to Formula One for a seemingly less valuable 10 per cent stake in the group. They need assurances on the status of its business contracts in the eyes of the European Commission.

## Deutsche Bank set to sharpen business focus

By Andrew Fisher in Frankfurt

Deutsche Bank, Germany's biggest bank, may shed some of its consumer finance and mortgage-linked savings activities as part of a more selective approach to business, Mr Rolf Breuer, chairman, said.

Mr Breuer, who became chairman last month, said no decisions had been made but such operations could be better carried out by companies more specialised in the electronic processing of bulk business.

Deutsche Bank did not want to remain in areas where it was merely average, he said. The bank still intended to operate as a universal bank - carrying on commercial and investment banking and other activities under one corporate roof - but this did not mean

being active in all markets at all times for every type of customer, Mr Breuer said.

"We are not a financial supermarket or the Karstadt [the big German retail group] of the banking scene. We are a universal bank. We have to be focused. We want to be in areas where we can offer the customer added value compared with our competitors and thus be better than average."

He said Deutsche Bank's image had "room for improvement" and one of his priorities was to work on this. In recent years, the bank has been involved in rescue packages at Metallgesellschaft, the industrial group that nearly collapsed because of oil trading losses, and Deutz, the engineering group. It was a lender to the collapsed property

empire of Mr Jürgen Schneider.

Mr Breuer said Germany would see more corporate takeovers, including hostile ones. But the controversy unleashed by Krupp Koesche's bid to acquire Thyssen, its biggest steel and engineering rival, showed "we lack a takeover culture and a full understanding of corporate governance in Germany".

Deutsche Bank acted for Krupp in drawing up its offer for Thyssen along with Dresdner Bank and Goldman Sachs, the US investment bank. Deutsche Bank withdrew as the companies negotiated a merger of their steel interests.

But a Deutsche Bank director was also on the supervisory board of Thyssen, leading to charges of a conflict of interest.

## Companies in this issue

ABI Leisure	22	Guinness	22
ABN Amro	4	Holmann (Philip)	22
Albert Fisher	22	Honda	4
Benchmark	22	ING	4
Cable & Wireless	22	Irish	2
Deutsche Bank	24	LVMH	22
East Asiatic Co	4	MOL	22
Electrolux	22	Machia Int'l	22
Energy Group	24	Malaysian Mining	24
Formula One	22, 24	Nestlé	4
General Motors	24	Netscape	24
Globe Wellcome	22	Netscape Comms	22
GrandMet	22	N Petroleum	22

## Markets latest

FTSE 100	4,783.1	(+25.7)
Yield	3.44	
FTSE Eurotrack 100	2,441.89	(+35.13)
FTSE All-Share	2,288.11	(+10.79)
Nikkei	20,528.26	(+8.11)
New York Jones	7,787.01	(+75.54)
S & P Composite	655.16	(+4.58)

<b>IN LONDON MONEY</b>		
3-mo Interbank	6 1/2%	(same)
Life long gilt	8 1/4%	(same)
<b>IN US LUNCHTIME RATES</b>		
Federal Funds	5 1/2%	
3-mo Treas Bill	4.50%	
Long Bond	6.95%	
Yield	6.70%	
<b>IN NORTH SEA OIL (Anglo)</b>		
Brent Dated	\$17.850	(16.30)
<b>IN GOLD</b>		
New York Comex (Jun)	\$340.5	(+41.2)
London	\$341.85	(+42.58)

<b>IN STERLING</b>		
New York London	\$ 1.6915	
London	1.6925 (1.6948)	
DM	2.9421 (2.9184)	
FF	8.9907 (8.5124)	
Sfr	2.286 (2.2938)	
Y	187.29 (183.74)	
S Index	100.3	(99.8)
<b>IN DOLLAR</b>		
New York London	\$ 1.729	
DM	1.738	
FF	5.9555	
Sfr	1.4485	
Y	114.835	
London	1.7375 (1.729)	
DM	5.9543 (5.9185)	
Sfr	1.4487 (1.4483)	
Y	114.829 (113.84)	
S Index	102.8	(102.4)
Tokyo close	Y 114.5	

## FT WEATHER GUIDE

### Europe today

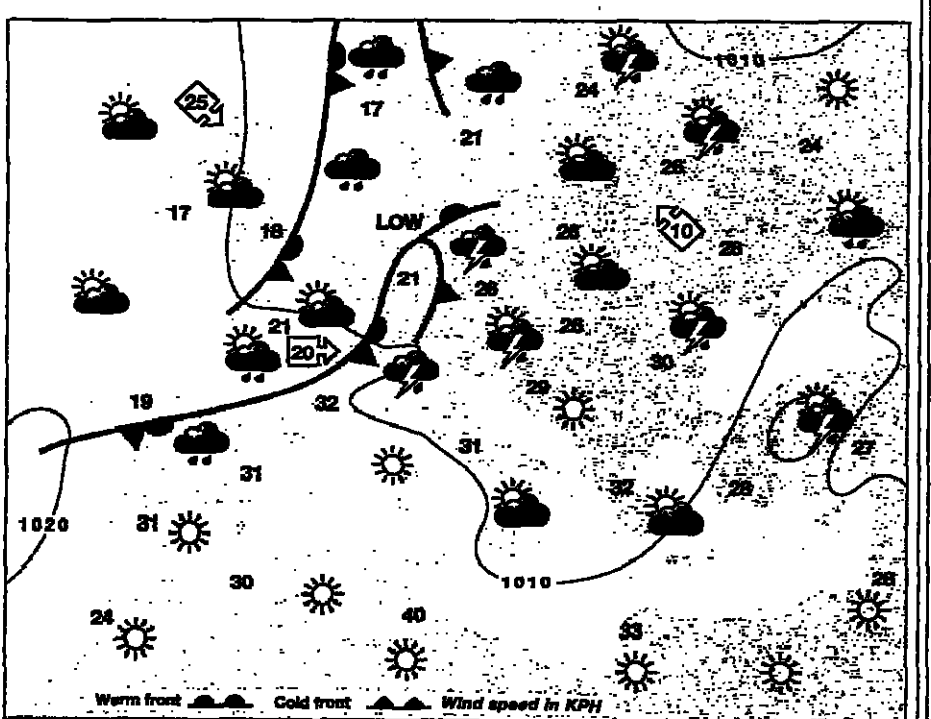
The eastern part of the continent will have severe weather. Unsettled conditions will linger in parts of the west.

A low pressure area will move across France and Germany preceded by frequent rain and thunder showers. Temperatures will be in the 20s.

After the front has passed, it will be much cooler with temperatures ranging from a chilly 13C in Scotland to 22C in France and the Benelux. Conditions will improve over Greece and western Turkey, which will be sunny with a few clouds. Afternoon temperatures will exceed 35C in some areas. The interior of Turkey will still have some thunder showers.

### Five-day forecast

By Sunday, northerly winds will bring cool air to a large part of the continent. Afternoon temperatures will average 15C to 18C. Spain, Italy and Greece will be sunny with daytime temperatures remaining in the upper 20s.



### TODAY'S TEMPERATURES

	Maximum	Beijing	
	Celsius	Beijing	
Abu Dhabi	sun 41	Beijing	
Accra	thund 29	Beijing	
Algiers	sun 30	Beijing	
Amsterdam	shower 20	Beijing	
Athens	fair 28	Beijing	
Atlanta	thund 33	Beijing	
S. Aires	shower 16	Beijing	
B.ham	shower 17	Beijing	
Bangkok	fair 38	Beijing	
Barcelona	sun 28	Beijing	

### Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

Caracas	sun 31	Faro	sun 28	Madrid	sun 28	Rangoon	rain 30
Cardiff	cloudy 17	Frankfurt	shower 24	Malaga	sun 28	Reykjavik	fair 12
Casablanca	sun 24	Geneva	thund 25	Melita	sun 28	Rio	fair 25
Chicago	sun 24	Glasgow	sun 25	Manchester	drizz 16	Rome	sun 30
Cologne	rain 21	Hamburg	shower 22	Marilla	shower 25	S. Paolo	sun 24
Dallas	fair 29	Helsinki	shower 22	Medan	sun 28	Singapore	thund 32
Delft	shower 33	Hong Kong	fair 29	Miami	fair 33	Stockholm	shower 22
Doha	shower 30	Honolulu	sun 31	Milan	thund 25	Strasbourg	rain 23
Dubai	fair 27	Istanbul	sun 28	Montreal	cloudy 17	Sydney	fair 17
Dublin	cloudy 21	Jakarta	fair 32	Moscow	cloudy 27	Taipei	sun 25
Dubrovnik	sun 33	Jersey	shower 15	Murphy	thund 28	Tel Aviv	sun 27
Edinburgh	fair 18	Karachi	sun 34	Nairobi	cloudy 25	Tokyo	sun 26
		Kuwait	sun 44	Nagasaki	sun 31	Toronto	fair 18
		L. Angeles	fair 22	Nassau	fair 32	Vancouver	fair 22
		Las Palmas	sun 27	New York	sun 28	Venice	cloudy 25
		Lima	fair 26	Nice	fair 28	Vienna	fair 27
		Lisbon	sun 28	Niagara	cloudy 25	Warsaw	cloudy 25
		Luxembourg	shower 20	Oslo	shower 23	Washington	thund 29
		Madrid	thund 28	Paris	cloudy 21	Wellington	sun 13
				Perth	fair 18	Winnipeg	shower 24
				Prague	cloudy 23	Zurich	rain 21

Our service starts long before take-off.

**Lufthansa**



STET - Società Finanziaria Telefonica - per Azioni  
Registered Office in Turin - Corporate Headquarters in Rome  
Capital Stock L. 5,261,212,121,000 July paid-up  
Entered under No. 29653 in the Ordinary Section of the Company Register of Turin  
Tax ID No. 00471850018

## STOCKHOLDERS' MEETING

The Ordinary Stockholders' Meeting of STET met in Turin on June 6, 1997, under the chairmanship of Guido Rossi.

The Meeting approved the corporate financial statements at December 31, 1996, which show net income of more than 1,110 billion lire (1,104 billion lire in 1995). The net income has been allocated as follows: 55.5 billion lire to the statutory reserve; 715.5 billion lire to the stockholders as dividends; 339.4 billion lire to the special reserve.

The Stockholders' Meeting also reviewed the consolidated financial statements for the Group. At more than 40,500 billion lire, revenues were 8.4% higher than in 1995. The most noteworthy results in 1996 included:

- a decrease of 3,372 billion lire in net borrowings, which fell to 12,040 billion lire, for a debt ratio (net debt / net invested capital) of 28.5%, compared with 34.9% at the end of 1995;
- improved cash flow (net income plus depreciation) of 13,902 billion lire (12,801 billion lire in 1995), a figure that was sufficient to fund in full the Group's capital spending program, which had increased to 11,780 billion lire.

The Stockholders' Meeting elected five new members of the Board for three years, namely: Ugo La Cava, Chairman; Pietro Adornino, Mario Boidi, Ugo Braico and Gianfranco Zanda, Statutory Auditors; Leonida Liuni and Antonino Sammartano, Alternates.

Lastly, the Stockholders' Meeting granted Arthur Andersen S.p.A. the assignment to audit and certify STET's financial statements and the consolidated financial statements for the 1997, 1998 and 1999 fiscal years.

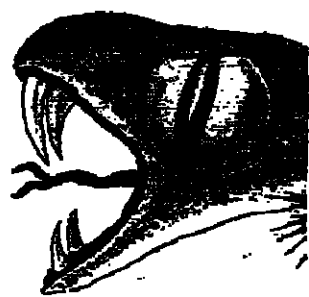
STET's Board of Directors met after the conclusion of the Stockholders' Meeting and, pursuant to the current Articles of Association, which are in force up to the effective date of the merger, reappointed Guido Rossi as Chairman and Umberto Tracanna as Deputy Chairman.

## DIVIDEND PAYMENT

The stockholders are hereby informed that the dividend for the 1996 fiscal year, amounting to 130 lire on each qualified ordinary share and 150 lire on each qualified savings share, before tax withholdings, will be payable as of June 23, 1997 at the corporate offices at 34 Via A. Bertola, Turin, and 41 Corso d'Italia, Rome, at the usual authorized banks or at Monte Titoli S.p.A. for the securities which it manages, against presentation of Coupon No. 9.

Holders of ADRs representing STET ordinary and savings shares, which are listed on the New York Stock Exchange, should contact Morgan Guaranty Trust Company of New York, Depositary of the abovementioned ADRs, at 60 Wall Street, New York, N.Y. 10280.





Snakes alive

'Snake is tasty but not filling - you have to pick the stringy flesh off the skeleton with your teeth'



Heh, Mr Postman

'Running a mail order business is not necessarily a licence to print money - it's an industry littered with casualties'



One for the record

'Nicklaus has finished in the top three in no fewer than 49 grand slams, a level of consistency that almost defies belief'

# The Celts - it was all just a myth

Ancient Celticism has been hailed as the 'first great nation north of the Alps'. Simon James argues that no such nation ever existed

Last week I received an e-mail message accusing me of genocide. It came as a shock, to an archaeologist accustomed to the peace of museums, lecture-rooms and a little summer excavation, to find himself and his colleagues charged with a kind of ethnic cleansing.

The source of this scholarly fury is the question of whether the "Ancient Celts" ever really existed. Everyone has heard of these Celts, established in Europe over 2,000 years ago. It is widely accepted that they were the direct common ancestors of several modern peoples, notably the Scots, Irish, Welsh and Bretons. For evidence of the idea's penetration in the popular media, turn to Asterix the Gaul.

Scholars in archaeology, art and linguistics have also taken for granted the historical reality of Ancient Celticism - T.G. Powell's *The Celts*, published in 1968 and still in print, calls them the "first great nation north of the Alps". So why is a concept so well-established being questioned at all? Why should societies so remote in time provoke such violent debate?

The received histories of the modern peoples of the British Isles reflect the struggles to retain their identities in the face of English cultural pressure. The agreed framework of "Celts versus Anglo-Saxons" was written into the "island story", the accepted understanding of the rise of the British Empire.

With the imminent withdrawal from Hong Kong, this imperial society is in the last stages of dissolution. In its aftermath, many scholars feel a deep need to test all the basic assumptions about Britain's national origins. This is making pre-Roman communities a sensitive subject in the late 20th century.

The Ancient Celts are often conceived as one uniform people who, emerging in Central Europe by the early Iron Age (before 500BC), migrated in many directions, carrying their culture with them. Baldly, this cultural package comprises related languages, common social and religious structures, including a warrior elite, Druids, and characteristic artefacts. These last, notably weapons, jewellery and crosses, are frequently decorated with the swirling abstract patterns of "Celtic art" (the La Tène style).

By 200BC, such Celts had migrated as far as Britain, Ireland, Spain and Turkey. After Roman times, the remnants of Celticism were confined to the westernmost fringes of Europe. It's a sim-

ple and attractive picture.

Unfortunately, it doesn't work. Since the second world war, the harder British archaeologists tried to find traces of Iron Age Celtic invaders, the more elusive they seemed. In 1964, Roy Hodson, a leading scholar, proposed that most of the archaeology of the British Iron Age made best sense as a development of indigenous Bronze Age traditions, without any big migration of Celts from the continent.

Our earliest documentary sources are Greco-Roman authors. Julius Caesar recorded Celtica as the name of just one of the three parts of Gaul (roughly France) which he conquered in the 50s BC. So the Gauls - some of them, at least - did indeed call themselves Celts. But there is no evidence that the Britons or Irish did. Romans used "Celt" only for continental European peoples. In fact, Britons or Irish people of any date up to 1700 would have been surprised to hear themselves called Celts. So where did it come from, this notion of "common Celticism" going back to ancient times?

It is not unambiguous historical knowledge which has come down to us from the Iron Age. I am one of those who now believe that the Ancient Celts were not so much discovered as gradually invented. It is actually a surprisingly recent scholarly interpretation, constructed from disparate fragments of genuine evidence to bolster a preconception of a unified Ancient Celticism.

Renaissance scholars, devouring Graeco-Roman texts to learn more of the lost Roman world, encountered descriptions, such as

Caesar's, of northern barbarians including the Gauls, Britons and Irish. For centuries these texts were almost the only historical knowledge the peoples of France and the British Isles had of their pre-Roman forebears.

Around 1700, early linguists demonstrated that modern Irish, Scots Gaelic, Welsh, Breton and similar languages were uniquely related to each other, and were also related to the ancient Gaulish tongue. In 1707, the great Welsh scholar Edward Lhuyd named this newly defined family of languages "Celtic".

Others rapidly extended the meaning of the term. Within 20 years the antiquary, William Stukeley (inventor of the modern conception of Druids), was labelling British ancient monuments "Celtic". By the 1770s, Johnson and Boswell could encounter a Highland clergyman who believed there had been ancient Celts from Turkey to Skye.

The linguistic connection between north-west European peoples inspired the idea that late prehistoric Britain and Ireland were part of a far-flung "ethnic" Celtic world. Why was this new idea of Celticism adopted so enthusiastically in the British Isles?

It was largely due to politics. In 1707, the Union of England and Scotland into Great Britain was enacted. Many educated people felt a growing need to redefine and defend the non-English identities of the west and north - but the ancient term "British" had been pre-empted by the new Anglo-centric super-state.

Lhuyd's provision of "Celtic" as an alternative joint ethnic name for peoples

of the British Isles, but not the English, was timely and, I believe, deliberate. The notion that modern peoples in the Atlantic Archipelago were and are Celts was largely a response to an equally new-fangled invention: British national identity.

Once the idea of a common Celtic Antiquity was established, scholars progressively fleshed out the bones. They incorporated material such as medieval Welsh and Irish myths (the *Mabinogion*, the *Táin Bó Cuatrigae*).

**The paradox is that, for millions, some kind of common Celtic identity is a reality today**

Later, archaeology became an important plank in the Celtic bandwagon.

Only in the 19th century did pioneer archaeologists develop methods permitting them to find and properly categorise physical traces of ancient peoples. Newly identified Iron Age material was inevitably interpreted in terms of the prevailing Celtic model. Widespread discovery of La Tène-style art objects seemed to confirm the assumed Celtic invasions.

Over recent decades, archaeology has undergone a revolution in its thinking. Digs and surveys have brought an explosion in knowledge, from the pollen

of ancient crops to the layouts of settlements and entire landscapes. This has occurred in tandem with great strides in understanding what such archaeological evidence can tell us.

Anthropology, for example, showed that traditional societies were nowhere near as timeless as archaeologists had assumed, so that innovations, such as the appearance of new kinds of art, brooches or pots, need not be explained only by invasions.

For decades it has been clear that all was not well with the simple model of Ancient Britain peopled by migrating Celts. Archaeologists searched in vain for unequivocal evidence of such invasions, but turned up growing testimony for continuity from the preceding Bronze Age.

The houses Iron Age Britons built, the ways they made a living and the ways they disposed of their dead generally hark back to earlier Britain, not to central Europe.

The archaeology of the British Iron Age attests a mosaic of diverse local and regional traditions. To most archaeologists this represents a complex, shifting pattern of regional identities, which actually fits with what we know of Britain down to post-medieval times: travel was hard, most people's horizons were narrow, and it was their home area which defined their main self-identity.

For these Iron Age peoples, loosely describable as clans and tribes, even the name "Britons" is really a geographical description, not a label for a homogeneous ethnic identity. (This has underlined just how artificial the whole notion of uni-

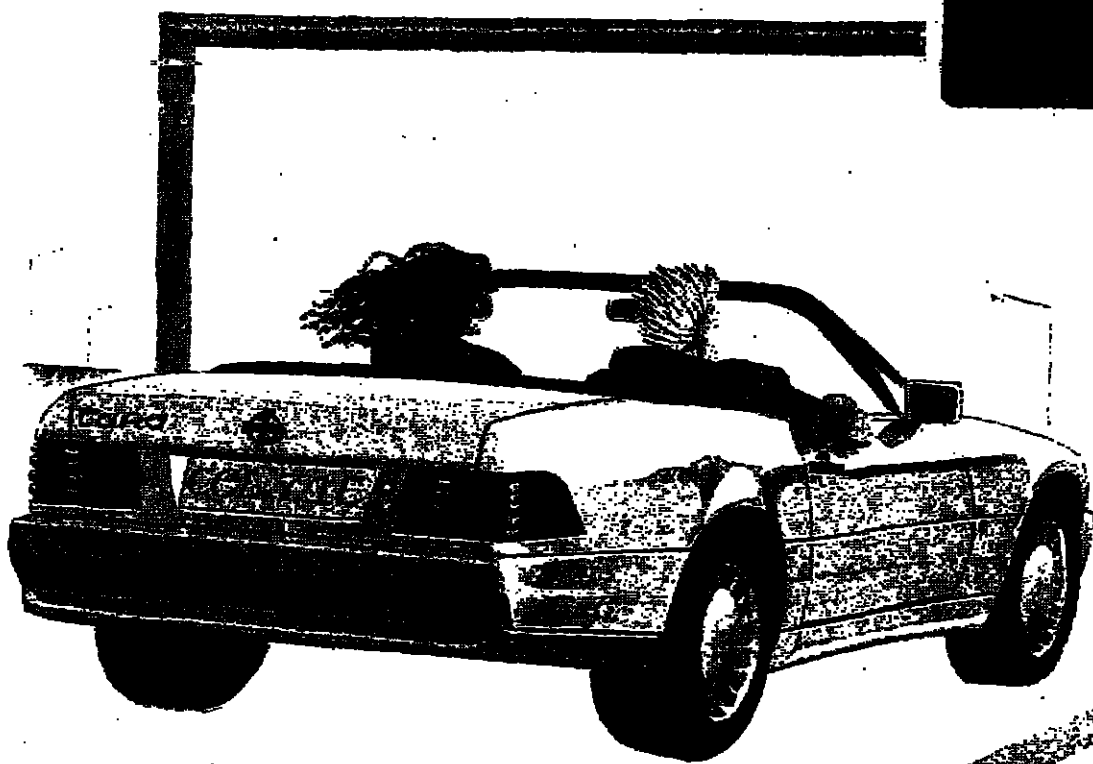
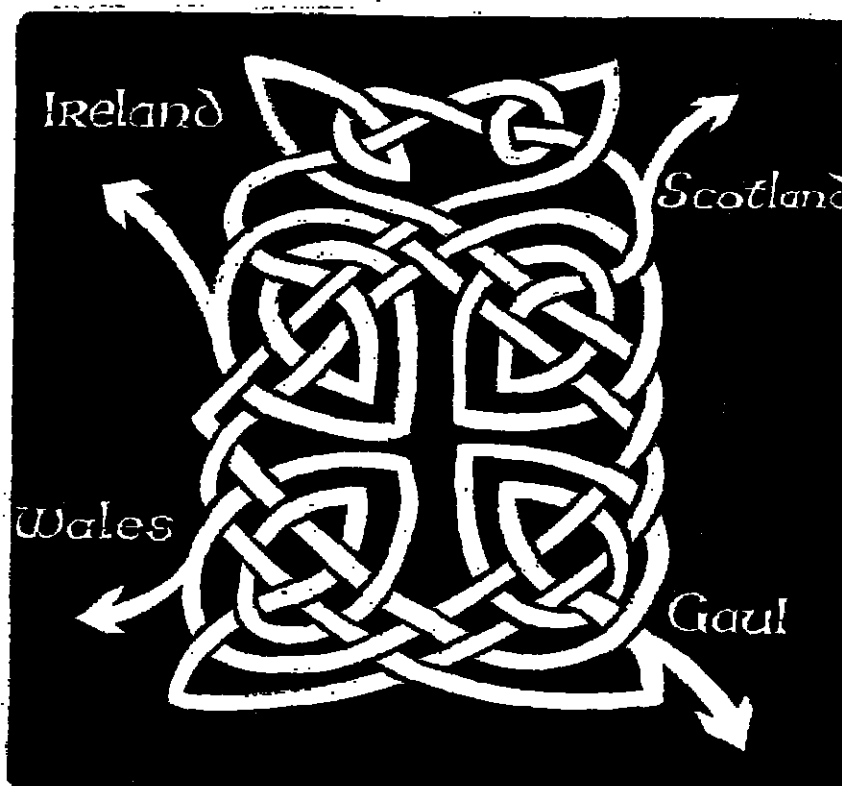
form European Celts is.) Some of these peoples were certainly in close contact with the European mainland, exchanging goods, styles, ideas, and surely some people.

But most British groups do not fit the Celtic cultural package, seeming to be relatively egalitarian farming communities lacking warrior nobles, or much sign of splendid La Tène metalwork. They probably did speak languages we would call Celtic - yet the Portuguese, French and Romanians all speak romance languages, but still remain ethnically and culturally distinct.

Some archaeologists stoutly defend more traditional interpretations, pointing out, rightly, that there are very important similarities, as well as differences, across ancient Celtic Europe. The fur has been flying between the vociferous on both sides of this debate. Professor Vincent and Dr Ruth Megaw (Flinders University, Australia), charge that all this is really an assault on the identities of the modern Celtic peoples, supposedly motivated by English neo-colonialism and Europhobia.

Meanwhile John Collis, professor of prehistoric archaeology at Sheffield University, has pointed up the nationalist and even neo-fascist and racist dangers of uncritical Celtic history. At times the debate has lost all sense of proportion, but it does show how deeply felt these issues can be.

Other scholars such as J.D. Hill, archaeology lecturer at Southampton, have been quietly continuing a Post-Celticist conceptual revolution. This line of thinking is in the spirit of current



among academics, particularly in Britain, where many are in the throes of a post-imperial self-examination.

It is not only the meaning of Celtic which is under post-colonial scrutiny, but equally Roman, English and British. These are all now seen to be, to varying degrees, recent artificial constructs retrojected on the past - and which may therefore be hiding other, perhaps better, ways of understanding earlier societies.

Such new interpretations are clearly underpinned by ideology - but then, scholarship always has been. The views of the past, which archaeologists or any other scholars produce, are coloured by their own present.

The paradox is that, for millions, a common Celtic identity of some kind is a reality today, but the received history which has underpinned it is largely a fiction. Yet this is widely true of national or ethnic identities - not least that of the English. If scholars have reason to believe that these agreed histories are materially false, it is their responsibility to say so.

British Iron Age archaeologists have been accused of genocide, but the irony for me, at least, is that forcing blanket Celticism on past peoples has probably consigned their own, diverse identities to oblivion.

Next month, the British Museum opens a new permanent exhibition of one of the world's finest collections of Iron Age European art and archaeology. The name of the new gallery - Celtic Europe - is unsatisfactory to many academics, but the museum faced a dilemma. "Celtic" conveys some meaning to many people, whereas less loaded terms such as "Iron Age" convey little. What to do?

Society simply accepts Iron Age Celticism as a fact, and has made it part of itself. Scholars started the Ancient Celtic have run out. The hare has turned into a chimera, and the debate over how to deal with it is only just beginning.

**This article is based on one in the summer issue of British Museum Magazine, price £4 (inc. p&p), from British Museum Society, London WC1B 3DG.**

BRITONJ

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**Joe Rogaly**  
Free to be poor  
'You need taxpayers' money to help the worst-off, or they will be dead before they are rescued.'  
Page III

**Arcadia**  
Over the hump  
'In the featureless desert to the south, tiny specks appeared. The herdsmen had found our camels.'  
Page XXIV



PERSPECTIVES



Ben Plasschaert: Initiating Asian kitchen staff into the strange new world of pastrami and terrines

Sony Plasschaert

Minding Your Own Business

# Rich in happiness and foie gras

Andrew Eames talks to a Gent charcutier who now travels the world as hotel consultant

**B**eni Plasschaert, charcutier, is reinventing himself. He is shedding his striped apron and setting up his stall as Beni Plasschaert, hotel consultant. It's goodbye to the shop in Belgium, and hello to the first-class hotels of the rest of the world.

Plasschaert, now 43, has reinvented himself before. When the young Beni first opened a charcuterie in downtown Gent, 23 years ago, he met an unexpected difficulty. Although he grew up just 20 miles away and married Nadya, a native of Gent, those 20 miles lay in the wrong direction - in the Netherlands. "The Belgians don't trust the Dutch," he says, "and they think we don't know anything about food."

It was this antipathy, his accent, and a customer's remark that he looked Italian, that prompted him to create Benito, the Belgian Italian, complete with straw hat and logo.

Thus, almost by accident, Beni became his own brand. His trademark was the creation of recognisable products - cured meats, bacon, sausages, pâtés and terrines - with a touch of originality. For example, at the beginning of this year he made a cruelty-free foie gras by combining duck liver with corn, a product that went down so well it was reported on Belgian television.

Over the years, the Benito recipes gathered momentum. Now word has got round of his new enterprise, several Belgian food companies have made bids to buy a package of the recipes.

So far, the highest bid has been £180,000 for Benito rights to the recipes plus the Benito name. "I

am using an agent," says Plasschaert, "because if I met a man and liked him, I'd just give it away."

He has had the opportunity to change direction before, most notably when an American approached him with a proposal to start a chain of Benito delicatessens in the US. Despite the full limousine treatment on a coast-to-coast tour, he wasn't impressed. "I didn't like the man," he says.

His business approach is like his cooking: personality-led and instinctive. "I'm a creator," he says. The expenses of his new

career are generally met by his customers, so he has little need for capital. Nevertheless, he is selling a business which has taken him 23 years to bring to maturity and which continues to generate increasingly healthy profits. Someone else may have been tempted to delegate it to a manager and harvest the revenue. But Plasschaert is only happy in an enterprise when he's doing it himself.

The catalyst for this latest, radical move - it will mean living in a new part of the world - was a visit, five years ago, from the Swiss food and beverage manager of Bangkok's Oriental Hotel. After a career during which Plas-

schaert had won several international awards, his reputation had reached Asia.

The Oriental's manager was impressed by his ability to make so many products - around 300, of which 90 per cent are unique recipes - with so little machinery. Would he care to advise the Oriental on how to do the same?

Today, many journeys later, Plasschaert has faithfully reproduced his Gent kitchen in Bangkok, even down to the same relatively old-fashioned equipment, and the hotel's downtown outlet now sells more Benito products than are sold in Gent.

Plasschaert, however, has not made a single Thai baht from his success. He has done the Oriental job for free, even paying his own airline ticket.

"Nadya says I'm crazy, but it's a real honour being able to walk wherever I like in one of the world's best hotels, and being called chef Benito."

This project has proved to be the spark that ignited the new career. Consultancy contracts are being gained throughout Asia as recommendations spread.

His original Oriental contact, for example, is now working in Korea, where he has been asked to repeat his Bangkok experiment. "Very clean hotel, very nice machines - but they didn't know how to work with them."

But it is his emphasis on the product, not the machine, that pulls in the new business. Computerised, state-of-the-art pâté-making machinery can cost up to £40,000 to install; high import duty and training come on top of that. With their need for quality rather than quantity, hoteliers see the sense in paying for a con-

**Bangkok's Oriental Hotel was the catalyst for his latest, radical move**

## The Nature of Things

# A powerful genetic punch

Human molecules have much in common with the tiny fruit fly, finds Clive Cookson

**I**n *The Fly*, a 1987 science fiction movie, a researcher's genes are blended with those of a fly in a bungled experiment, and he develops into an insect-human hybrid. Preposterous, of course. But, scientifically, not quite as absurd as it seemed when the film was made.

This column two weeks ago pointed out that the scientific premise behind *Jurassic Park* - the preservation of fossilised DNA from the dinosaur era - looks less plausible now than it did when that film became the cinematic sensation of 1993. In contrast, research over the past decade has shown that insects and people are far more alike in their fundamental biochemistry than anyone had realised when *The Fly* was released.

The molecules that control living processes - genes and proteins - have diverged much more slowly over hundreds of millions of years of evolution than biologists previously suspected. "The homology [genetic similarity] of flies and humans is astonishing," says Michael Ashburner, genetics professor at Cambridge University. "No one had predicted it."

The discovery of this homology has given a boost to a venerable field of genetics: research into the fruit fly *Drosophila melanogaster*. One biotechnology company in the US, Exelixis, is already based on *Drosophila*

research, and there are rumours that a couple of others are being formed.

Cambridge alone has 125 *Drosophila* researchers in 20 separate groups. Ashburner says. Worldwide the number of fly people, as they call themselves, has risen to 5,000.

Geneticists have been studying *Drosophila* since 1910, when Thomas Hunt Morgan adopted it as a "model organism" for research at Columbia University in New York. The tiny fly has several advantages. It is extremely easy to breed and look after in the laboratory - the housing requirements are no more than a small glass tube with food at the bottom and a cotton plug at the top - and its life-cycle lasts only two weeks.

Many of the findings of classical genetics, including the fact that genes are bundled into chromosomes, were made with fruit flies. But *Drosophila* dropped from favour in the 1950s, as scientists followed up the discovery of DNA by studying molecular biology in the simplest organisms available:



A swarm of fruit flies: 'Drosophila genes are closer than worm genes to humans'

Science Photo Library

viruses and bacteria. They started returning to the fly in the 1970s, to find out how genes work in more complex multicellular animals.

*Drosophila* began to shine again as a genetic star in the late 1980s and 1990s, as the homology with humans

emerged. The first striking demonstration of this was in the development of embryos: the master genes that control the growth of specialised organs were essentially the same in flies as in mammals.

The fly people are now moving forward fast. Within

the past year they have provided important genetic clues to human memory, circadian rhythms (our internal body clocks), male sterility, sexual behaviour and skin cancer.

George Scangos, chief executive of Exelixis, esti-

mates that between 75 and 80 per cent of human genes have a fly counterpart and vice versa. Although we have around 70,000 genes and flies have only 10,000, most human genes are duplications and elaborations of their insect equivalents.

For example, *Drosophila* has a gene called hedgehog that controls the secretion of signalling proteins in the growing embryo: mammals have a related family of genes, which have been given the whimsical names of sonic hedgehog, indian hedgehog and desert hedgehog. Another protein, called semaphorin, has one form in the fly and more than 20 in people.

An analogy is to regard the fly's genes as an ancestral language such as Latin and the human genes as the family of languages descended from it: French, Italian, Spanish and so on.

Looking at it another way, most of the biochemical processes in multicellular animals can be reduced to a core of perhaps 1,000 fundamental pathways. One is the ras pathway involving the differentiation and proliferation of cells; its failure is an important cause of cancer.

Exelixis plans to use *Drosophila* to help discover new drugs for human diseases including cancer, Alzheimer's and diabetes. The company's scientists hope that by manipulating the fruit fly

genes, they will be able to understand the homologous biochemical pathways in people - and find the best place to intervene in the disease process.

Although the fruit fly is the leading model organism for genetic research, it has several rivals. The tiny worm *Caenorhabditis elegans* is the closest competitor. One advantage of the worm is that its genes are easier to manipulate than those of the fly, and its entire genetic code will be worked out before the fly's. On the other hand Ashburner, a dedicated fly man, says: "*Drosophila* genes are closer than worm genes to humans."

Another model organism that is rapidly gaining a following among geneticists is the zebra fish, a common aquarium fish. Christiane Nüsslein-Volhard, the German researcher who pioneered the study of embryonic development in *Drosophila*, has defected to the fish.

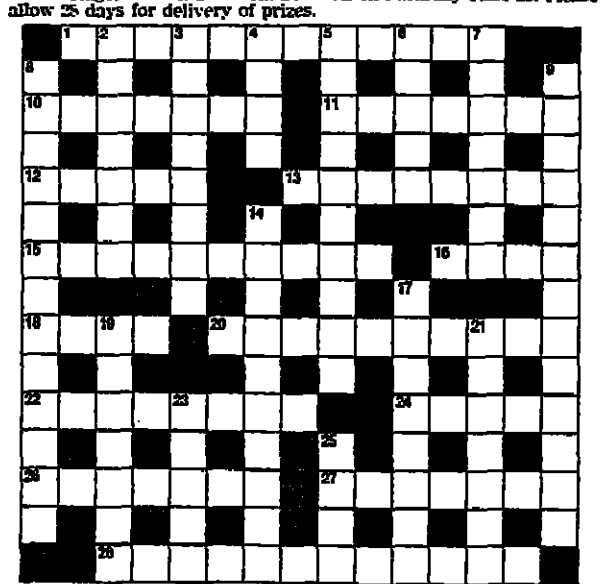
"There is real rivalry over resources and people between groups working on different model organisms," Ashburner says.

For the moment, the fly people are on top. But no one should have any nightmares about mad scientists creating human-fly hybrids. For all their chemical similarities, molecules from insects and people would not really be able to work together in a single body.

## CROSSWORD

No. 9401 Set by CINEPHILE

A prize of a classic Pelikan Souverän 800 fountain pen for the first correct solution opened and four runner-up prizes of Pelikan M200 fountain pens. Solutions by Wednesday June 25, marked Crossword 9,401 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday June 28. Please allow 28 days for delivery of prizes.



Name: \_\_\_\_\_  
Address: \_\_\_\_\_

WINNERS 9,389: A.H. Pepperdine, Bath; R. Douglas, Newton Meads, Glasgow; Mrs A. Nicol, London W3; K.J. Woolley, Pontefract, W. Yorks; S.R. Price, London NW2.

ACROSS

- 1 Buffoonery had rail queen in trouble (12)
- 10 Teetotal giant's problem with receiver (7)
- 11 War wounded in the money; it's dry only inside the saloon (3,4)
- 12 35 Regal gent finds fault with monster (5,4)
- 13 Idealised situation of French street among bells (10)
- 15 Insularity affecting leaderless Labour, I hope! (10)
- 16 18 Approach attracted listener (4,4)
- 20 How to include the whole crowd on November 1st (10)
- 22 Welcome to jazz of the '40s uttered by the star of '97 (4,4)
- 24 American city can - a type of American (5)
- 26 Return of principal book shows feeling (7)
- 27 Stories of fear? (7)
- 28 Sailed off on race for fresh water? (12)

Solution 9,400

RESTORED OFFEND  
A B A R C E  
D A T A B A S E L I S S O N  
I N T E R N A T I O N A L  
S P E C I A L I S T  
H A R D C O P Y  
A N T A G O N I S T  
O A S E T H C O  
I N V E R T A B L E  
S E A F O R E  
C H R O M E P E D I C U R E  
O S P S P R S  
U N I T E D C H A P T E R S  
A C O I L E A R  
T E N D E R A P P E A R I N G

DOWN

- 2 A friend to an old city, no expert (7)
- 3 Complete emblem and see acquired 'igh-power sales pitch (9)
- 4 Waterside feature in lock, say? (4)
- 5 What's impossible to swallow about councillor is just that (10)
- 6 Awfully eager to conform (5)
- 7 Old Thespian requiring tribute? (7)
- 8 Drunk, continue with keg? He can't be serious! (6,2,5)
- 9 Bumble's view of the Thin Blue Line? (3,3,2,3)
- 14 Heading device also turned on right by group of experts (6,5)
- 17 One left in small branch with high tension is a bit dim (8)
- 19 No secrets left in toto (3,4)
- 21 Insect on 10 in the Merchant of Venice (7)
- 23 The composer was heaven (5)
- 25 See 12

Solution 9,389

BUREAU INTERPOL  
R U D E S R O  
A D M I R E P O S T H O R N  
R I T E M O D E  
G U E S S I N G  
B U N D L E M A N  
E A N E F O R E C A S T I N G  
E L U R U A  
P E R M I S S I V E O N O S  
S E A L E R A  
I N S T A N T D U N G L E R S  
O N D S E R P  
H O U S E H O O G E N T I C E  
E N I T A N  
S E D A T I N G C O S T E R I N G

## BRIDGE

When you are exactly one trick short for your contract and can see no hope of making good the deficit, play out your trumps - all your trumps - and hope that one of your opponents is squeezed or, at least, thinks he is. The play of that last trump may leave you feeling somewhat naked but, nearly always, the card that hurts you hurts your opponents even more.

**N**  
♠ Q 10 9 6  
♥ Q 9 6 4  
♦ K 8  
♣ A K 6  
**E**  
♠ 3 W J  
♥ A K J 10  
♦ 9 6 4  
♣ Q J 9 5 2  
**S**  
♠ A K J 8 7  
♥ 7 5 3  
♦ A 7  
♣ 10 4 3

North East South West  
2NT NB 2S NB  
4S  
North's response of 2NT after West's double is a standard Acol gadget to show a hand with a strong raise to at least 3S. This is necessary because, after a take-out double, all raises in partner's suit become a weak barrage

to prevent the opposition from finding their fit. South rebids 3S to show a minimum hand and North settles for game.

Despite a preponderance of high cards, the game is far from laydown. West led ♠AK and J, which was covered with dummy's ♠Q and ruffed by East, who then edited passively with ♠Q. Declarer now faces a fourth loser in the form of a club trick. With no hope of developing an extra trick by traditional means, the declarer resorted to playing out his trumps. He knew that West held 10W and that he would have to hang on to it to prevent dummy's ♠9 from becoming a winner. If West also held the club honours, he would be forced to unguard them.

The declarer drew trumps in three rounds, cashed his other diamond winner, and then played a fourth round of trumps. Still, West could hold 9W and ♠QJ8. When the declarer led his last trump, however, West was squeezed. Eventually, he parted with 9S, declarer threw the now useless 9W from dummy and, when he cashed ♠AK, the ♠QJ fell from West establishing his 10S as his 10th trick.

Paul Mendelson

## CHESS

Local inter-club leagues have long been the backbone of UK chess, but their character is changing. Adjudication by an expert of unfinished games is giving way to speed chess finishes, while at the top, the successful Four Nations Chess League has encouraged more grandmasters and masters to compete.

Take the Eastman Cup, an annual knock-out for London League clubs, which for years attracted only a handful of weaker teams. Recently the prestige of its long tradition has attracted a stronger entry, so that five GMs and four IMs played in the 1997 final where Wood Green beat Charlton 6½-3½.

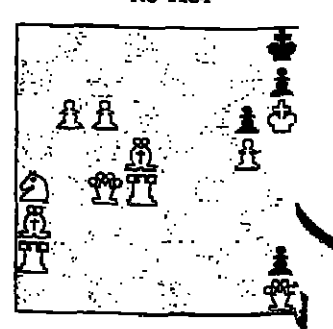
The all-IM board three game was a lesson in a popular Queen's Gambit formation where White exchanges cxd5 then advances his b pawn to weaken Black's pawns and open a file for rooks.

Leonard Barden

defended white king. Oblivious to danger, White fell for a neat queen sacrifice (M Turner v A Martin).

1. e4 e5 2. Nc3 d5 3. cxd5 exd5 4. d4 Nf6 5. Bg5 Nd7 6. c3 Be7 7. Qd2 O-O 8. Ne2 Re8 9. O-O Nf5 10. Qd3 c5 11. Rad1 Nf5 12. Bxe7 Qxe7 13. Rfel Bg4 14. Rb1 Rad8 15. b4 Rd6 16. b5 Rb6 17. bxc6 bxc6 18. h5 Qh4 19. Na4 Bxf3 20. Bf5 Bxf5 21. Qxf5 Qh1+ 22. Resigns. U 23. Kch1 Ng3+ 23. Rgl Rhl mate.

No 1184



As White (to move) you have almost a full complement of pieces against a cornered king and a few pawns but there is a whiff of stalemate, a draw where Black has no legal moves but is not in check. Puzzle-finder White's quickest way to victory.

Solution back page

Leonard Barden



## PERSPECTIVES



Joe Rogaly

## Market victims who are free to be poor

One set of figures shows the capitalist road leading to paradise; a better set shows it leading to misery for many

When pictures of skeletal children or abandoned babies appear on the TV news do you (a) lean forward to catch the commentary (b) change channels (c) switch off and head for the kitchen? Some of us have seen about as many images of third-world distress as we can bear. Our assumption is that we know the case for deprivation: unshackle the market and the globalised capitalist wealth-producing machine will do the rest.

No it won't. The 197 Human Development report published this week by Oxford University Press for the United Nations, demolishes the idea that the market economy will trickle down. You have to spend taxpayers' money to be the worst

off, or they will be dead before they are rescued. Not everyone accepts this. It is contrary to the spirit of the 1997 Economic Freedom of the World report. Right-thinking and therefore expressive of familiar sentiments, it was published last month by the Fraser Institute, Vancouver, in association with 46 other pro-market think-tanks dotted round the planet.

This clutch of capitalist theologians, which includes London's Institute of Economic Affairs, has invented an index of economic freedom. Its 17 components include growth and inflation rates, government spending, top marginal tax rates, restraints on trade, and so on. These are expressed in hard numbers and therefore "objective". Hong Kong tops a list of 115 countries thus appraised. The US comes 4th,

Britain 7th and France 36th.

You can guess what follows. A few clicks on the mouse-button tell you that between 1985 and 1996 the economies near the top of the economic freedom index grew fastest, while those at the bottom - the "least free" fifth - got poorer. That unhappy quintile includes Russia, Ukraine, and the well-known African disaster areas. The lesson is obvious. Impede the market, and you pay, perhaps with your life. The unobstructed capitalist road is the highway to paradise.

Wrong again. The UN's Human Development index is closer to the truth. It does not measure progress by the rules of conventional economics alone. To be sure, it factors in real gross domestic product per head, as do the freedom-theorists. But GDP is only one of three ingredi-

ents. The other two are life expectancy and educational attainment. The resulting list puts countries in a different order from the free marketeers' league table.

On the latter, remember, Hong Kong comes first. On the development index it falls to 22nd. France, which believes in government expenditure, moves up from 36th on the economic freedom ladder to second place on human development. The United Kingdom falls from 7th to 15th. It's not just the wealth you generate. It's how you spend it.

The Human Development report introduces another index this year - for "human poverty". It counts the people who are expected to die before turning 40, the number of illiterates, those without health services and clean water, and underweight

toddlers. Once again you get changes in the rank order, particularly among developing countries.

Cuba, China, Kenya and Peru have all done relatively well at alleviating human poverty. Egypt, Guatemala and Pakistan score less on poverty relief than on human development. It is not only how you spend it, but who you spend it on.

The obvious message is aspirational. If the rich countries would put their hands in their pockets, poverty could be eliminated. We know this will not happen, in spite of the determination to give a lead expressed by Britain's new Labour administration. Government-to-government aid is no longer fashionable. The money does not always reach its destination, as the worst-case story, that of Zaire,

teaches us. The US poured in the dollars, and they went straight to former president Mobutu's Swiss bank accounts.

Tied assistance is better. Big donors usually demand that markets be set free. This is not quite enough to meet the needs of Human Development or the alleviation of poverty. Happily, contracts tying aid to certain actions are getting more sophisticated - although so are the means by which recipients contravene them. Anyhow, aid is but a part of what is needed.

The true value of the Human Development report lies in its implicit challenge to narrow-focused concentration on the market mechanism. Compiled by a team of economists and others directed by Richard Jolly, it has evolved within the broad discipline of economics. It would be

better still if someone could come up with an acceptable index of political freedom, to measure both economic and democratic practices. That would require judgments that could not be quantified. How would you have treated 99 per cent votes in communist countries?

The outlook is not all so dolorous. Poverty is declining overall, largely thanks to the improvement in China, which has moved up the economic freedom tables and reduced destitution. Not many countries can make that boast. There are still 600m people who do not have enough to eat. We have some clever indices, but so far no great help to the misery on our TV screens. Only a change in the way we think can achieve that.

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Lunch with the FT

## A scrupulous spinster with reasons to be cheerful

Ann Widdecombe finds much to be thankful for - including her old boss's poor showing in the Tory leadership race. Lucy Kellaway takes notes

Half way through lunch, Ann Widdecombe looked sternly at me over the top of her hairdo and glasses and started to cold. We were eating her favourite dish, crispy aromatic duck, in her favourite Chinese restaurant, Kyma, near Victoria station in London. I had just refused a fifth pancake.

"You have to be very grateful, when you consider the numbers of starve. We should make the most of this."

I had last heard this argument at primary school and even then thought it odd.

But Widdecombe, former prisons minister, is famous for saying old-fashioned, dodgy things. About abortion, working mothers, immigrants, divorce. Recently she has become even more famous for saying something thoroughly sensible: she told the House of Commons that Michael Howard, her old boss at the Home Office, was a man who had not only misled parliament but was a packer who was always on the lookout for scapegoats.

Last Tuesday, on the day of our lunch, Miss Widdecombe was doubly cheerful. First, because she had ordered a big glass of wine and was looking forward to a good meal, and second, because Howard's chances of becoming leader of the Conservative party had faded still further. Out of her handbag she fished a piece of paper which showed that in a poll of more than 700 constituency members Tory peers and MEPs, only 20 supported Howard.

"Terrific results," she said. "This is really good stuff. There was nothing indicative in her tone. It was as if she were commenting on some sport she was passionate about."

With the same early enthusiasm, she turned to the menu. "I always have the crispy aromatic duck. That usually does as a starter. I shall have pork fil-

let in sweet and sour sauce. Do you like that?"

She looked at me quizzically. I looked back at her - a woman who, according to the press, has a monstrous bosom, scary dyed hair, a deplorable wardrobe, a regrettable lack of make-up and a waddling gait. Yet the middle-aged woman opposite me was not unpleasant to look at, with an intelligent face, somewhat overweight and wearing a presentable plaid jacket.

Orders given, she told me how good she was feeling following the first round of voting in the Tory leadership race, in which her old boss came last of five runners. "I'm deeply relieved. Very glad it's over, and really

**'Poor old Michael. I don't want him to be leader, but I don't want him to be unhappy'**

very, very much better for the whole thing. Most colleagues have been supportive, admittedly *sotto voce*. People come up to me in the street and shake my hand."

It seems she was not the only one to have hated the former Home Secretary. Indeed, she was a stronger motive in denouncing him than any desire to do the right thing? If he had been a nicer bloke would she have kept quiet? She shrugged. "But then he would have been a different man. The problem would not have arisen."

But still, what she did seems odd: surely most secretaries of state mislead Parliament at some time; and most junior ministers know where the skeletons are. She shook her head. "No! No! No! I've worked with five

secretaries of state. The first four were fastidious."

She took a pancake, put a large hunk of duck into the middle, dumped some sweet sauce on top, squashed the whole thing up and put it in her mouth. It was a confident performance, which announced that she is her own person and does things her own way.

I asked how she felt about the press coverage, which presented her as a bawlers virgin who takes her instructions from God.

"The personal stuff was a distortion," she said mildly. "I never said God had told me to do this. I was asked if I had prayed about this, and I said I had. I was also asked: did I believe sex before marriage was wrong, and I said yes I did. So they added that to the fact that I wasn't married and there was a whole article on virginity. But I had never mentioned the word." This raised a question, but I did not ask it.

But what about all the hurtful stuff about her appearance? "I'm very used to it all. You grow inured by degrees. Everyone is furious on my behalf, but I am quite relaxed about it."

"Look," she suddenly said. "Aren't we supposed to be discussing food and why I love it?"

So we do this for a while and she tells me that she loves everything except snails and frogs. She loves Chinese food because you can have lots of different things together, and because it reminds her of her childhood in Singapore. She can cook, too. "I make endless sauces. I just chuck things in the pan."

It was at this point that I refused another pancake and she reminded me of the starving millions.

"I am grateful about so many things," she said. "The fact that I had a happy childhood. The fact that I've never been seriously ill, the fact that I'm mentally healthy." I said that most of us do not see things so logically. If we are miserable, we



Ann Widdecombe: 'I said I believed sex before marriage was wrong ... and they added that to the fact that I wasn't married'

are miserable. She looked at me uncomprehendingly.

"I feel that so much has gone right. I'm not ecstatic that I'm no longer a minister. But I've been a minister. How many people did not even get into parliament, let alone become minister?"

Is there anything, then, that upsets her? There was a long pause. "Very, very rarely. Injustice."

Any petty things? "People interrupting when I'm trying to explain something. Oh look! I've left a bit." She picked a long stringy bit of

duck off the bone and ate it.

From here the conversation deteriorated. We started to talk about abortion and how mothers should not work, and how anyone who gets divorced is a worse person because of it. On each subject there was a predict-

able non-meeting of minds.

"Look," she said. "We are going to spoil our lunch if we talk about this."

So with mutual relief we concentrated on the main course. We were meant to be sharing, but I noticed she had not touched the green

vegetable I had chosen nor the white fish. Neither had I had much of the sweet and sour pork or fried rice she was eating with such relish.

I asked how she felt about her new women colleagues in Parliament. "Blair's babes!" she said indignantly. "They all look identical."

But will all these babes make any difference? She groaned. "Women are among the more heated, heckling elements of Parliament - I say it as one who heckles herself. The idea we are going to be civilising is a joke. I think women are quite spiteful. When I was going through all this drama it was the women who made all the personal remarks."

We munched a bit, and I returned the conversation to Howard. Has she had any contact with him since?

"It's highly amusing," she said. "There are several times I have sat behind him in the House cheering him on. His style is to turn and look at the person who is talking. But yesterday he sat staring into the middle distance when I was speaking."

I said that was hardly surprising. She snorted.

"I can sit right behind him and cheer him, and if he had an iota of grace, he would do the same. He knows there is nothing personal about what I did." It was my turn to snort. Nothing personal about ruining someone's chances of becoming leader of the party?

The menu was brought and for once we were in agreement. We had had enough.

Suddenly she changed her tune, and started advising me to eat less. "I warn you - be very careful. I was 6 stone 12 until I was 33."

This was hard to believe. What had happened? She shrugged. Perhaps she had not given the matter much thought.

"Poor old Michael," she suddenly said. "I don't want him to be leader, but I don't want him to be personally unhappy. He's bound to be disappointed, but that's life."

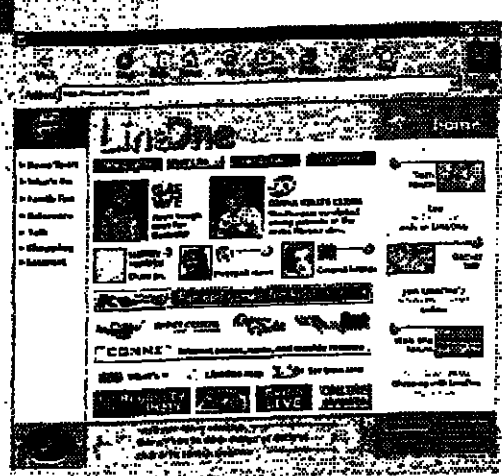
I said Howard would certainly be unhappy, and wondered whether he had the inner reserves to protect him.

"I've not got the slightest idea about his inner reserves," she snapped, any sympathy gone. "I don't want to think about them. The mind boggles!" She shuddered, and then laughed.

In the taxi on the way back to the Commons she admitted to being nervous about that afternoon's vote. Maybe Howard would not do so badly at the first round after all.

"If he looks like being a serious candidate, I might have another crack."

So Ann Widdecombe still has more up her sleeve to damage Michael Howard. But now she will not need it. And she, in her strange way, being a scrupulously fair person, I doubt if we will ever know what it was.



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## PERSPECTIVES

**M**zi Khumalo's 12 years in prison with Nelson Mandela were an unconventional education for a man who now chairs JCI, one of the world's leading mining houses.

Khumalo's appointment marks a break with South Africa's white-led past. But he is also part of a long tradition. The Johannesburg Consolidated Investment Company, from which JCI is descended, has a history of unconventional leaders.

Its founder, Barney Barnato, who died in mysterious circumstances 100 years ago today, was a music hall clown, juggler and fairground boxer from the East End of London.

He arrived in South Africa in 1874 with £30 and 40 boxes of malodorous cigars. Two decades later, he was one of the richest men in the world. As well as starting JCI, he joined with Cecil John Rhodes to form De Beers, then, as now, the world's most powerful diamond combine.

By the mid-1890s, Barnato was the toast of the City of London. His numerous flotations were heavily oversubscribed. "Buy me Barney's", investors would tell their brokers.

There were critics who whispered that the Barnato empire was built on fraud. But he had friends, too, among them the *Financial Times*. To the FT, Barnato's bona fides were "beyond question". He was "a man of keen perception, with a remarkably ready grasp of facts and figures". Crowds cheered him in the streets of London.

Two years later he was dead. On June 14 1897, he drowned near Madeira, off the north-west coast of Africa, while making one of his regular trips back to England. The Southampton coroner concluded he had jumped from a passenger ship while temporarily insane. To this day, there are those who believe he was murdered.

When British publishing magnate Robert Maxwell drowned in the same stretch of the Atlantic, some found the similarities eerie. But while Barnato was no saint, he was no Maxwell either. Some of the criticism of his business methods was well-founded but his companies had solid foundations, as evidenced by their continued prominence.

The huge number of anecdotes the two men generated reveal the difference between them. Maxwell stories were invariably about his humiliation of employees. Barnato stories were about his refusal to take his new-found social status too seriously.

He once answered a woman who asked whether he had really been a clown by walking around the Savoy Hotel on his hands. Asked what his occupation was when applying to join one of London's most exclusive clubs, he wrote "toff". Even Louis Cohen, Barnato's first partner and later his fiercest critic, found it hard to sustain his vitriol. Barnato, Cohen concedes in his scabrously entertaining memoirs, had "a grain of gold in his nature".

Barnato was born Barnett Isaacs in London's East End in 1852. His father, Isaac Isaacs, a trader in secondhand clothes, was a religious Jew but he suspected that prayer alone would not get his children through life. Twice a week, Isaac taught Barney and his brother Harry to box.

If anyone starts any trouble, he told his boys, hit him first. Barney was short, but he was powerfully built, and always had a fisted pair of fists.

Barney and Harry scraped a living selling odds and ends in Petticoat Lane and working as bouncers at their brother-in-law's pub, the King of Prussia. Barney used to entertain the regulars by reciting "To be or not to be" while standing on his hands.

The brothers turned their clowning into a music hall act. Harry, whose juggling was superior, took the first bow. A stage manager once called on Barney to acknowledge the applause by shouting "Barney too". The brothers had been looking for a more exotic stage name. "Barney too" became Barnato.

Tired of struggling to make a living in London, the brothers decided to try their luck in South Africa. Diamonds had been discovered in Kimberley in the Northern Cape.

In Kimberley, Barney briefly worked with Louis Cohen, an earlier arrival from Liverpool, as a



Barney Barnato arrived in South Africa in 1874 with £30 and 40 boxes of malodorous cigars

The Great Barnato. He married De Beers Consolidated Mines

## From music hall to mining magnate

Michael Skapinker recalls Barney Barnato, JCI's unconventional founder

"kopje" wallpaper, an itinerant trader who bought diamonds from the diggers and tried to sell them. Barney and Harry soon decided, however, to begin mining themselves. This time, Barney was in charge.

They began when others had given up hope. The diggers had struck hard ground and many thought there were no further gems to be found. Barnato disagreed. He began buying claims and was soon making a fortune.

Some suggested Barnato's mining operation was a front for trading in stolen gems. While Barnato was not above cutting corners, the allegations were almost certainly untrue. He was prospering because he was buying more claims than the others and digging deeper.

Barney was one of the few in Kimberley to grasp another aspect of the diamond business. The more diamonds the diggers produced, the lower their price sunk. They would do much better if they controlled the number of gems coming on to the market.

Rhodes, another young digger, reached the same conclusion. While Barnato accumulated claims on the Kimberley mine, Rhodes did the same on the nearby De Beers mine. The two went into battle and attempted to take one another over.

Rhodes, however, gained a decisive advantage: the financial backing of the Rothschilds. He offered Barnato's shareholders a

price they could not refuse. Some of Barnato's biographers said he lost because he forgot his father's advice and did not hit Rhodes first. The two merged their companies to form De Beers Consolidated Mines.

Barnato had no interest in Rhodes's schemes to expand the British Empire. His attention was elsewhere: in 1886, gold was discovered near what is now Johannesburg and a new rush began. He soon accumulated a range of



mining and property interests in the area.

It took some years for his shares to win the enthusiasm of London investors but, when they did, prices soared to unsustainable levels. When mining shares eventually fell, many Barnato investors incurred heavy losses.

Some had reason to complain. Barnato absorbed the Barnato Bank, which was really a vehicle for investing in a range of Barnato companies, into JCI without consulting shareholders.

But many of the losers were

victims of their own greed; Barnato had warned them they were bidding his shares too high.

Barnato's real crimes were those of the South African mining industry as a whole. None of the country's wealth would have been possible without the black miners who dug out the diamonds and gold. To most whites these labourers were barely human.

Why Barnato's mental health began to deteriorate in 1896 is a

By the mid-1890s, Barnato was the toast of the City of London

mystery. Reports of erratic behaviour and heavy drinking became more frequent. He began to develop irrational fears of slipping back into poverty.

His family were so concerned that, on Barnato's last trip back to England, they never left his cabin door unguarded. His health improved during the voyage, allowing him to walk on deck with Solly Joel, his nephew, who had joined the business. Without warning, Joel said, Barnato jumped overboard. A rescue was attempted, but it was too late.

The coroner's verdict left several questions unanswered. Passengers heard a shout of "murder" as Barnato fell, which was never satisfactorily explained. Some believe a shadowy figure called Von Veitheim was responsible for Barnato's death. He plagued the family afterwards, shooting Woolf Joel, one of Barnato's other nephews, dead.

Diana Barnato Walker, Barney's granddaughter, has accused Solly Joel of murdering Barnato. But few who knew of Barney's fighting prowess would have attempted to throw him off a ship. If Solly wanted to kill his uncle, he would surely have found a less risky way of doing it.

The FT mourned effusively. "Mr Barnato's career has been dramatic in an exceptional degree, and for many a year the talk will be of the meteor that has shot across the path of the City and vanished."

What would Barnato have made of a black chairman of JCI? He would almost certainly have approved. He was the ultimate political pragmatist. The world had changed; he would have changed with it.

Mzi Khumalo has been in London recently attempting to negotiate a merger between JCI and Lonrho. Tiny Rowland, Lonrho's founder, has expressed his strong opposition. Even Barnato might have advised Khumalo to be cautious. Rowland is not the sort of man you hit first.

## Dangerous liaisons born in Rio

How green is Swiss billionaire Stephan Schmidheiny, asks Leyla Boulton

**I** was worried about looking crumpled. Stephan Schmidheiny sounded like the stuff of a Swiss corporate fairy-tale. He is the "green" billionaire - a big bank account and an active conscience. As I took a suburban Zurich train towards the high moral ground, I imagined a meticulous man who would take against beige, particularly crumpled beige.

Ranked the world's 37th richest man by *Fortune* magazine, Schmidheiny had his first serious communion with nature aged 29 when he pulled out of a business inherited from his father. The move was prompted by the fact that the business made cement reinforced with asbestos, a carcinogen whose danger to health was only just becoming apparent.

His elder brother Thomas, meanwhile, grew his non-asbestos half of the inheritance into the world's biggest supplier of building materials. While Thomas's entry in *Who's Who* lists one of his hobbies as shooting, his younger brother's suitably ascetic entry mentions no pastimes. But it could have read "sustainable development".

After sweeping into a conference room in his minimalist steel and concrete headquarters, Schmidheiny accepts my compliments about the idyllic view of Lake Zurich with a regally modest "we feel very lucky".

I was on a fence-mending mission. Schmidheiny had been a reluctant subject ever since it had been reported that a Chilean iron-pellet plant which he part-owned was polluting local olive groves.

Published just after he emerged as the chief advocate of environmentally conscious business at the Rio "Earth Summit" in 1992, the disclosure illustrated the dangers facing any business seeking to wear the environment on its sleeve.

It was also news to Schmidheiny, who says somewhat ruefully "I should have known about it". He then goes on to maintain that the dust produced by the plant helped the olive groves on to a record harvest in later years.

Now that he had decided to give the media another chance before the fifth anniversary of the Rio summit this month, I was keen to test how much of that greenery was genuine.

Despite the hushed corporate setting and a personal elegance - complete with greased back hair and trendy spectacles which make him look younger than his 49 years - his conversation had more in common with Greenpeace than the gnomes of Zurich.

"We are depleting the world's fish stocks at a rate which is absolutely horrifying, not least because fish is the main source of protein for poor people living on coasts. This is absolutely crazy," he says.

He backs up these worries with statistics about the huge government subsidies which encourage the over-fishing that is threatening stocks.

His reliance on rational argument rather than emotion in discussing threats to the planet makes him far more convincing than your average eco-warrior.

"What we really need is a change of paradigm," he says. "We need to open up people's minds to start doing what we all need to do. This requires new symbols and new expressions."

This is how he came up with eco-efficiency as a catchphrase for why business can make money by using fewer natural resources and anticipating environmental trends.

"Technology will have to do most of the job of sustainable development because it is not only ridiculous but cruel to say

the world should head for zero growth and deprive all these people of the chance of a better life," he says.

But four years after he disposed of his stake in the pellet plant, Schmidheiny could still be accused of sitting on the fence which separates green theory from practice. For instance on whether As Brown Boveri, the engineering company whose board he just quit, should be ignoring environmentalists' calls to pull out of Malaysia's controversial Bakun dam project.

"This is classic conflict of interest," he says.

Such conflicts face not just ABB, but other multinationals gathered in the World Business Council for Sustainable Development, a body initiated by Schmidheiny in 1992. "We have to be careful it is not seen as the World Business Council for Green Hypocrisy," says an aide.

But Schmidheiny argues that it is better to have companies inside the tent than out. "Maybe we can generate some peer pressure for change."

His willingness to get his hands dirty anticipated today's growing realisation that business is more able than

'We need to open up people's minds to start doing what we all need to do'

governments to deliver environmental change. Even Thilo Bode, Greenpeace's reformist (w international executive rector, concedes that his organisation had been wrong to attack Schmidheiny.

Tessa Tarrant, head of ethical investments at the National Provident Institution in London, says she wishes "more business had the guts" to do what Schmidheiny has tried to do.

Schmidheiny bristles at the suggestion that for all his good deeds, he is just another billionaire pontificating on some global issue à la George Soros on the danger of democracy. He says he is wailing to multiply his initial inheritance five-fold mainly by paying the "writing on the wall" of the early stages of an environmental threat.

Having exposed all the controlling stakes in companies he invests in, he now relishes the freedom to do what he "enjoys most" - travelling the globe to promote sustainable development. This involves "dealing with the most interesting people you could deal with on earth... the people who think about the future".

Just how much change has there been since the world first pledged to embrace sustainable development five years ago? Schmidheiny says "a lot more can be done" more businesses view the environment as an innovation challenge rather than a compliance cost. Although multinationals have made progress on this front, he says "the real problem" lies in big, fast-growing nations such as China and India, which have neither "the political will nor the technology to do much" about the environment.

This leaves the world with a choice. "Human civilisation will change come... either through suffering or devastation, or, hopefully, there will be at least some change through leadership," he declares. "If I can contribute one iota to that change which occurs through leadership, will look back on my life with satisfaction."

## A social union worth fighting for

Tony Blair and his socialism are dirty words with French intellectuals, says Nicholas Woodworth

**O**n the evening of the French legislative elections, the residents of the small apartment building where I live in Aix-en-Provence gathered together around a living-room television set. As the magnitude of the electoral upset became apparent, there was not a single Gallic shrug of indifference in the room.

Instead, there were cries of amazement, shouts of "Out, out!", and emotional whoops that could be heard three floors down. There were ceremonial glasses of champagne all round. My neighbours, almost to the last man and woman, are enthusiastic socialists.

Usually I count myself on their side, but this time I did not whoop. Since moving to France two decades ago I have watched the French follow with some pride the progress, however shaky, of the great European

experiment of union. Now, at a delicate moment, they seem to have dropped a spanner in the works.

What, I wondered, did my progressive French neighbours think of the confusion they had created? I decided to tackle my friends as they were hanging out laundry, digging the garden, or enjoying the Provencal sunshine from their balconies.

My neighbours are not necessarily average Frenchmen. Teachers and administrators for the most part, they count themselves among that peculiarly French class to which no Briton would comfortably own - "les intellectuels".

More specifically, of course,

they are *intellectuels de gauche*, of the left. Children of the French social upheavals of the late 1960s, they are the active party supporters and left-wing unionists of today.

Ready to march arm-in-arm with the most militant protestors, they are even happier to sit, and ponder, and talk at length. Who better, I thought, to voice the deeper French sentiments on Europe?

What France wants for Europe, said my upstairs neighbour Jean-Paul Mercier, is what the French want for themselves. It is, he says, a "social" Europe, a Europe in which government is in the service of society, not of money. It is a formula, he admits, as

much emotional as ideological.

For much of his career Mercier has taught *instruction civique*, the course that inculcates all French schoolchildren in the values of the republic. If most French are loathe to pursue the non-interventionist policies supported elsewhere in Europe, he told me, it has much to do with the preponderant role played by the state in French life.

Yet if the French cannot live without the state, most citizens complain of a large and growing gap between rulers and ruled. Here, too, says Françoise Dichamp, is a reason why social reform must be a principal goal for Europe from the beginning. Dichamp is active in the social

work associations of Aix-en-Provence. A town of fountains and plane trees and music festivals, it is not a place one associates with increasing common French suburban tensions and violence. But even here the cost of unemployment, social instability and disfunction is evident.

Her own association, Les Jardins d'Amélie, offers long-term social outreach the chance to relearn, through organic market gardening, organisational abilities they have all but lost. Dozens of other associations in Aix, largely privately funded, offer soup kitchens, medical attention, educational support, and aid to the jobless, to immigrants, and to others who have fallen through

the social net. Increasingly, these are young people.

But governments, too, she insists, must provide jobs. Failure to do so, she says, can only have drastic consequences, even in well-to-do, bourgeois Aix, where are *quartiers chauds* - "hot areas" - where tensions can bring social upheaval overnight.

In the end, though, one of the greatest barriers to France sorting out its differences with its European neighbours may be cultural perception. This, I learned from a third, even closer French socialist neighbour, Janey Luc, a teacher, she is also my wife.

There was no deluge as we went back and forth over the various French election promises

that I thought illogical and she thought eminently sensible. There was, instead, a fine and steady misapprehension.

For many French, the insistence on strict fiscal criteria at the expense of social programmes is an attack on the French political culture. There is a disparaging term for the exclusion of state paternalism - *ultra-libéralisme* - seen as a perfidious vice originating in England. Tony Blair, as such as any Thatcherite Tory, is an *ultra-libéral*.

So we return in some ways, despite our regard for the future, to old stereotypes and old enmities. After years my wife and I still found an Anglo-Gallic misapprehension. But if dirty words like *ultra-libéralisme* get thrown around between us, in the end things always get patched up, through talk and negotiation.

We have discovered that it is only through compromise that we can achieve union.



BOOKS

# Open outcry on the trading floor

Capitalism in the raw is far more colourful than its corporate history, argues Philip Coggan

The riot of colour and machismo that is the trading floor at the London International Financial Futures and Options Exchange exerts a certain kind of fascination on those who normally show no interest in the world of finance.

LIFFE represents capitalism in the raw. The system of open outcry (the polite name for shouting) means that each trader relies on his wits. Many of the participants are dealing on their account and a wrong decision can wipe them out in an afternoon.

However, those who get their thrills from the sight of billions changing hands in an instant will find little to excite them in their

corporate history. The institutional history of LIFFE is one of steady success; there has been the odd setback but not much in the way of drama.

The Bank of England might have blocked the market's foundation, but instead it was helpful. The Stock Exchange could have obstructed the new market, or indeed attempted to dominate it, but in its lethargic way, it failed to take either option.

The giant Chicago markets

might have crushed the London upstart; the continental European exchanges, such as MATIF and DTF, could have replaced it. Instead, the various futures markets uneasily co-exist.

All this is efficiently and no doubt accurately chronicled by David Kynaston, a specialist corporate historian.

But the book never recovers from the early details of planning committees and contract design, which, one suspects, would send

**LIFFE: A MARKET AND ITS MAKERS**  
by David Kynaston  
Granta £25, 340 pages

the average trader to sleep. At times, the book reads embarrassingly like a parish magazine with pats on the back for all the supporting staff. One longs to read that X, far from being a well-rounded and efficient indi-

vidual, was an incompetent cretin despised by his colleagues.

Indeed, from the point of view of readers (rather than the market itself), it would have been far better if Nick Leeson had brought down Barings by trading on LIFFE, rather than in Singapore.

The failure of the Ecu bond future or the problems in designing a eurobond contract do not offer much in the way of juicy scandal; one fears the author will

have little luck with the film rights.

One can hardly blame the market for indulging in a spot of self-congratulation, however. Back when it was founded in 1882, there were plenty of people who doubted whether it would succeed; and over the years, LIFFE has had gradually to educate corporate treasurers and pension funds about its use as a vehicle for hedging, rather than just speculation.

Opinion has gradually come to accept (despite the 1987 crash and the Leeson affair) that speculators are needed to create liquidity and that derivatives trading, by making market mechanisms more efficient, can reduce rather than increase volatility in securities prices.

There is no reason for LIFFE to rest on its laurels, however. A good deal of its volume comes from contracts, such as the German government bond, which might eventually drift back to their home markets. And, while open outcry has so far survived the challenge of electronic trading, the colourful jackets may yet, like Gary Kasparov, meet their mechanical masters.

# Toffs at the top

Michael Thompson-Noel joins the social whirl of the rich and privileged British

Most of the people who belong to England's upper classes are so amusingly demented most of the time that it is easy to enjoy their company, most of the time. But what are they for?

As Charles Jennings observes at the start of this sparkling account of a year among the toffs, most countries with a lot of social history have a tiny nucleus of power, class and money. In other places, the rich usually establish a social elite of some sort. Yet only in Britain, he reckons, is the relationship between class, wealth and social background "so institutionalised, so ossified, so unfair".

Put it this way, he says: if you were designing a society for the 21st century, would you, being rational, ensure that such a society maintained all the formal and informal mechanisms for succouring a tiny elite that England maintains? Would you design into your scheme the House of Lords? Or a handful of incredibly exclusive private schools to help perpetuate the toffs' superiority? Or a monarch who lived in "conditions of unparalleled luxury in return for a deeply ambiguous and ill-defined job..."

Finally, asks Jennings, would anyone sane then make sure that this elite set the tone for the rest of society in such a way that the rest of us were permanently affected by the elite's goings-on, without ever being able to do anything about the elite? "What's more, would you then institutionalise wealth and wealth-creation among these uppermost people?"

Given that there are around 750 hereditary peers in the House of Lords, the overall national distribution of hereditary titles, says Jennings, must work out at about one per 80,000 head of population. But among the top 500 richest people in Britain (according to The Sunday Times) it's in the region of one in 10. "Clearly, some set of rules or values is

in place which allows the very grand, by and large, to carry on being the very rich. How ideal is this state of affairs?"

Good questions. But Jennings is such a spry reporter, such an effervescent writer, that *People Like Us* does not, at any stage, become a sociological yawn. He himself, he tells us, is a product of the suburban middle classes, with a gliding of reach-me-down affections but almost no contact, prior to researching this book, with posh people.

Which is why the tone of *People Like Us* veers entertainingly between shock at the toffs' stunning vacuous-

**ONE OF US: A SEASON AMONG THE UPPER CLASSES**  
by Charles Jennings  
Little, Brown £16.99, 188 pages

ness and growing enjoyment of their company. Most of his junketings among the upper classes occurred at events related to the English social season, among them: horse racing at Ascot, rowing at Henley, Queen Charlotte's Ball, polo at Cowdray Park, Cowes yachting week, horse trials, charity gift fairs, Scottish dancing lessons, killing things...

His visits to Royal Ascot and Queen Charlotte's Ball are peaks among the highlights of this racy yet insightful and intelligent book. At Royal Ascot he hung around the parade ring, where he scribbled down this conversation between two middle-aged patricians in black top hats: "Hello!" "Hello!" "Hello!"

"How are you?" "Terribly well! Super to see you!" "Where's your lady wife?" "Arabella?" "Arabella." "Arabella." "Oh, right, she's over there..." "Yes, she's over there, right now. I'm going over there in a minute." "So how are you?" "Terribly well! How's things?" "Good, super!" "Well, we'll see you again, I expect, ha, ha!" "Yes!" "Goodbye!" "Goodbye!"



Upper-class junketings: toppers and tails at a Buckingham Palace garden party

The point of this and similar conversations seemed to be to convey nothing at all. The effect, says Jennings, is to produce an endless, verbalised, continuous present. These Ascot conversations, he says, fulfilled two essential functions: they acted as class markers, differentiating the socially smart from the merely well turned-out; and they kept things clicking along pleasantly.

What is important, says Jennings, is for the toffs to demonstrate confidently that what they are saying is, in fact, saying, no matter how ludicrous it may in fact sound; and (this is crucial) to convey "a general sense of being up, of being a good

sort and not picking at things in a nasty plummy sort of way, or blurring out important questions about other people's marriages, herpes, alcoholism."

His visit to Queen Charlotte's Ball at London's Grosvenor House hotel is even more hilarious. He is placed on a table hosted by a voluptuous middle-aged woman called Sally, who has beehive blonde hair, a heaving bosom, and is crammed into a blue gown shaped like a satin ice-cream cone, from which she emerges like a piece of living confectionery. Sally has written an erotic novel, 45 chapters long. She tells Jennings about her "boys", young men she falls

in love with, though whether that means she has sex with them is not something Jennings is able to determine.

As his season among the toffs progresses, Jennings warns to them no end. He almost wants to become one. He starts to appreciate that smart people have a use after all. "And what might that be? Well, they're there to be both detestable and wretchedly appealing: objects of horrified fascination."

They invite our disapproval for almost everything they do, Jennings concludes, and thus answer an ineradicable need among the rest of us to have someone to envy, blame and loathe. "We're still living under an ancient régime. The thing is, we love these people."

On his very last page, however, Jennings faces facts: writing a book about toffs is not the same as being one. So he puts away his dinner jacket and bins his copy of *Harpers & Queen Book of the Season*. The next day he returns to his local suburban supermarket, the temple of his bourgeois consumerist values.

For a long while, he deliberates which brand of kitchen cloth to buy. "I had to remind myself that I was middle class and that being middle class was the only serious way to be. And then I bought some muesli, just for good measure."

The tragic grandeur of the story attacks the edifice of traditional social mores. All Roy's protagonists cross into forbidden territory. "They all tampered with the laws that laid down who should be loved, and how. How much."

Like so many first novels, this one has a strong autobiographical element. Roy used her own childhood as a minority Syrian Christian as background material. It is easy to picture the author as Rachel, the book's heroine, with a child's eye for disturbing or pretty details.

Ardashir Vakil's debut novel also communicates the amorphous terrors of childhood. *Beach Boy* is narrated by the voyeuristic Cyrus

# A passage through India

Uttara Choudhury on exciting new writing with which to celebrate the country's golden jubilee

As India prepares to celebrate its golden jubilee, publishers are declaring open season on the country.

The arrival of debut novels by Arundhati Roy and Ardashir Vakil, and of a collection of Gita Mehta's assembled musings, are three of the more high profile events of the campaign.

For the last two decades Indian writing in English, from Salman Rushdie's magic realism to Vikram Seth's poetic prose, has conjured up visions of the country's enormous potential.

Now the million-dollar advance and the hype accompanying Arundhati Roy's first novel, *The God of Small Things*, instantly propels her into that most exalted ranks of Indian novelists.

Roy's gripping tale of love and loss is set in a backwater village in the southern Indian state of Kerala. Ammu, the hauntingly lovely, intelligent, divorced daughter of the Ayemenam House has an edge of instability.

Roy fleshes her out deftly as someone who possesses the infinite tenderness of motherhood and the reckless rage of a suicide bomber.

Ammu has an inter-caste love affair which is brutally terminated. She learns, a little too late, that "the cost of loving climbed to unaffordable heights."

Ammu's twins, Rahel and Estha, grow up between vats of banana jam and heaps of peppercorn in the factory of their blind grandmother. Innocently, they try to fashion a childhood in the shade of the wreck that is their family.

To Ammu, her twins are "a pair of small bewildered frogs engrossed in each other's company, lolling arm in arm down a highway full of hurtling traffic. Entirely oblivious of what trucks can do to frogs." The description foreshadows much of what is to come in the novel.

In *The God of Small Things*, Roy has given us a novel moved in anguish but told with compelling wit, eroticism and consummate tenderness. It includes powerful imagery and joyous word-play. When it is raining: "Glancing silver ropes slammed into the loose earth ploughing it up like gunfire."

The tragic grandeur of the story attacks the edifice of traditional social mores. All Roy's protagonists cross into forbidden territory. "They all tampered with the laws that laid down who should be loved, and how. How much."

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Ardashir Vakil's debut novel also communicates the amorphous terrors of childhood. *Beach Boy* is narrated by the voyeuristic Cyrus

Ready money, who remains an observer even at his own father's funeral.

Cyrus is a Parsi boy growing up in Bombay.

Against a backdrop of outings to Hindi film shows, and countless visits to his neighbours - a mysterious Miss Havisham-like Maharani, the Ericssons from Sweden and the Krishnans from Kerala - *Beach Boy* evokes the life of the elite. The sights and smells (and especially cooking smells) add flavour to a novel that resembles the secret diary of a foodie.

Written with artful simplicity, *Beach Boy* has secured for its author the Betty Trask Award for fiction. Despite much being made of this universal rite-of-passage story, however, it is thin on plot and does not yield anything memorable.

Gita Mehta's contribution

**THE GOD OF SMALL THINGS**  
by Arundhati Roy  
Flamingo £15.99, 340 pages

**BEACH BOY**  
by Ardashir Vakil  
Hamish Hamilton £14.99, 211 pages

**SNAKES AND LADDERS**  
by Gita Mehta  
Secker & Warburg £14.99, 225 pages

to the jubilee festivities is a collection of essays meant to defy the sense of confusion that greets many people when they think of India.

*Snakes and Ladders* includes everything from personal reminiscences to commentaries on Indian politics and economics. Several of these previously published essays are witty and acute, but they fail to rise into a book.

It is a disappointment from a writer who gave us the successful *Karma Cola*, a series of hilarious portraits of westerners stumbling over their backpacks in search of mystic India.

However, the Mehta brand of wispish satire is visible in portraits of India's first prime minister Nehru and his daughter Indira Gandhi. Mehta takes obvious delight in describing Nehru's visit to the hill tracts of north east India in 1957.

"The airplane landed, a great white bird with the symbol of the Indian nation. Would the child-like tribals be frightened by this miracle of aerodynamics descending with its cargo of divinity? No, they were standing steady under quivering head-dresses..."

"Finally the great man himself appeared - to be received by a reverence so profound that even the accompanying journalists were silenced."

"... As soon as Nehru was on terra firma, the tribals turned with regimental precision and lifted their colourful sarongs. The prime minister of India found himself taking the salute of hundreds of naked behinds."

Rereading/Asa Briggs

# Back to the future?

Labour in power with a huge majority stirs memories as well as propels dreams. Historians like to look back beyond their own times, in present circumstances to the Liberals in power with a huge majority in 1906.

Moving less far back to 1945 seems easier, although the country and the world then were very different from ours now.

There are many possible guides. The one whose book I have been rereading, not for the first time, is Bertrand de Jouvenel's *Problems of Socialist England* which appeared in translation in 1949 (Batchworth Press), two years after most of it was published in Paris.

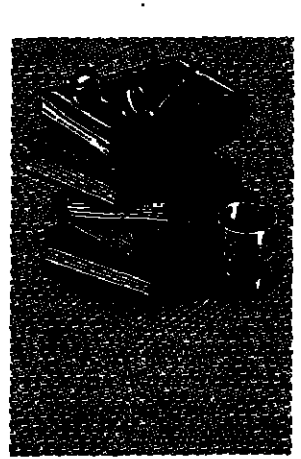
There have always been enlightening French guides to English history, and a reviewer of the French edition in *The Economist*

claimed it as "a blend of first-rate journalism and serious social, economic and political analysis". It was "an example of that effortless facility which is the hallmark of French civilisation".

De Jouvenel is now perhaps best known as a futurologist. Yet as early as 1928 he had published his *L'economie dirigée*, which put him in a good position to ask searching topical questions in the Old Labour Britain which he visited in 1948. This was a time, too, when he was writing a book on power, "its nature and its history". The Labour government and party were still flushed with victory after rather more than a year of power, while the Conservative opposition was still stunned by its fall. The French edition was in proof when the crisis of August 1947 broke. "England was hit hard," De Jouvenel devotes five of his 29 concise

chapters to explaining why it broke, posing the question of "full employment or rational employment". He ends the English edition with an epilogue written not in London but in Manchester in the autumn of 1948.

There is more of a touch of autumn throughout the book than there is of spring. After the crisis, hymns to austerity had taken the place of blithe marching songs. De Jouvenel's reactions to austerity were very French. "What is the feature of the socialist regime in England which at once strikes the foreigner? The persistence of rationing and price control in the sphere of food. The rationing measures, observed as they have been with an admirable discipline, secure to every Englishman a supply of food which is equal in amount, extraordinarily cheap and deplorably inadequate." Roy Harrod, not J.M. Keynes, comes in at this



point. Keynes has had a chapter to himself. So also has Beveridge, who passed by a table in the Reform Club, "where so many of England's most interesting minds congregate", when de Jouvenel was dining with Hayek. "Don't be convinced by him", Beveridge whispered "playfully" in de Jouvenel's ear. "Hayek has a

continental mind; he is much too logical for us." Beveridge was almost taking de Jouvenel's Englishness for granted, but he would not have objected to his use of the noun "Beveridgeism".

G.D.H. Cole, who knew de Jouvenel well, never took anything for granted. And it was in talking to Cole in Oxford that de Jouvenel became most aware, in 1946, of what he calls "a certain malaise... showing itself among the finer spirits - those very spirits that did most to keep the fires of socialism alight" before 1945.

Curiously the most illuminating and memorable passages in de Jouvenel's book concern neither economics nor politics but psychology, individual and social. They pivot on the relationships between ideas and experiences, the community and the state, technocracy and democracy, the "sacrifice of the present to the future". There is as

much intuition in these passages as there is logic.

There was a very practical note to the foreword to this book which was written by Geoffrey Crowther, the editor of *The Economist*, who may well have written the review of the French edition. "One can think of many members of the government to whom reading this book will do a power of good, but it would be no less admirable on an opposition list. If the spirit which informs *Problems of Socialist England* were to become general, the problems would indeed remain, but the prospects for their solution would be notably improved."

There was nothing autumnal about that comment. Nor had there been in the title of the Labour Party manifesto at the general election of 1945, "Let Us Face the Future". That future, still in the making in 1948, is part of our past. Now our reading, not our rereading, is about the millennium. Meanwhile, we need an English de Jouvenel to combine insight and analysis to write about the summer election of 1997 in France.

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## BOOKS



The Railway Station, 1862, by William Powell Frith: for the two golden decades between 1850 and 1870 Britain enjoyed a high noon of prosperity, security and global influence.

Royal Holloway and Bedford New College, Surrey/Bedfordian Art Library

# Reflections on the spirit of an age

Insight into the Victorian mind teaches us much about our own generation, argues A.C. Grayling

Work at the coal-face of history is a sweated toil among "primary sources". For ancient times these include such things, among others, as archaeological remains, inscriptions on clay tablets, and late copies of early documents. For more recent centuries the raw materials include royal charters, diaries, property deeds, letters and statistics. Either way a large part of the historian's task is interpretation, which is to say: the act of endowing these silent witnesses with a voice. Without interpretation even documents are mute; until the historian gives them one, they have no meaning.

This is why there can be dispute among historians. History is not a list of facts; it is a story that we draw from them. And many different stories, all equally good, can be drawn from the same facts. Hence disagreement.

For this reason historians are not always at the coal-face. An important part of their work involves standing back from primary sources and reflecting on the larger picture they suggest. This is a task of discerning patterns and rhythms, of separating the causes of later developments from the snowstorm of merely adventitious happenings. This kind of historical work requires fine judgment. And it is not only a question of which story best interprets the data, but of what the story itself means. We wish to understand the spirit of an age, to see into its heart and mind, to acquire a feel for how those who lived in it responded to their world and coped with its dilemmas.

David Newsome's account of the Victorian age provides exactly such understanding: he is thoroughly at home in this period, and intimate with its inner mind. The years between Victoria's acces-

sion and death saw tremendous changes in Britain and the world, to such an extent indeed that to write their history is to write many histories, among which the most important are not those of governments and wars, but of the growth and struggle of ideas - ideas in science, in religion, in

## THE VICTORIAN WORLD

by David Newsome  
John Murray £25, 310 pages

philosophy, history and the arts. These are the histories Newsome presents, in an absorbing, elegant, beautifully managed narrative that is hard to put down.

The book proceeds by themes. Newsome first outlines the rapid changes caused by industrialisation and the railways, attended by an exploding urban population which, several times during the century, threatened revolution of

the kind that toppled crowned heads elsewhere in Europe. For the two golden decades between 1850 and 1870 Britain enjoyed a high noon of prosperity and security, in which it found itself the leader of the world. But the years before and afterwards saw many kinds of strain, and there was never a single decade in the century when Britain was free from the threat of social disorder.

Gazing abroad, the Victorians could exult in their grand Empire, to which, they believed, they were exporting civilisation and Christianity, and from which, they knew, they were importing wealth. But there were nasty shocks in the Crimean and Boer wars and the Indian Mutiny, and nasty portents in the growing industrial strength of competitor nations. But some of the most anguished struggles were at home, over the meaning of Darwin's ideas and perceived threats to religious certainties.

Newsome describes the tension that arose between Victorian ideas of progress and the nostalgia for a slower, safer, nobler past - in the hands of some, such as the pre-Raphaelites, a romanticised past - prompted by the dizzying nature of the century's changes. The tension is the subject of debate among Victorian thinkers about the nature of history itself, and one of Newsome's most fascinating chapters recounts it.

There can be no understanding the Victorian age without an account of the great movements in religious thought that wracked it. The "convert Cardinals" (the subject of another of Newsome's books) co-exist with missions to the pagan East End of London, and the most distinctive moral tone of the time seems, in retrospect, to come from the evangelicals. These movements reverberated beyond matters of faith; they influenced art and architecture,

most notably in the Gothic revival. And they have their ugly side, as in the debates about hell and divine punishment. Throughout the debates, and conversions, and missions to the East End, the doubts insinuated by Darwinism, and by the new biblical scholarship that questioned the historicity of the gospels, crept like a poison.

An understanding of the Victorian experience is valuable, Newsome says, because "in many ways the Victorians were wiser than their posterity; and secondly, their priorities make those of today look shallow and shortsighted." This is an interesting and disputable claim. But there is no question that insight into the Victorian mind teaches us much about our own way hither; learning from the past is not the same as living in the past, as Newsome quotes Julius Hare remarking. Newsome handsomely helps us do the former.

## A city in flux

As with Paris, Vienna, or New York, it is foreigners who are Berlin's biggest fans. Anarchic and scruffy compared with the rest of the country, Berlin - most Germans think - is a subsidised, other-worldly place, politically suspect and more used to hand-outs than hard work.

Before the wall came down, dislike for Berlin was one of the few things the citizens of the old federal republic had in common with their captive compatriots in the "German Democratic Republic".

That disdain has not changed, although plenty of other things have. Since 1989, the two halves of Berlin have been the fastest-changing parts of their respective countries.

Both have seen their subsidies cut. Both have seen the protecting/occupying power disappear, along with most of their spies and camp-followers. Both are shunned by employers, especially foreign investors, who find West Berlin's pampered and straggly workforce as unappealing as the rafts of former communist bureaucrats who had swelled the population of the East.

Both halves of the city remain distant from each other, grumpy and culturally and socially fractured. Splendid art galleries and scintillating night clubs, and a lingering historical frisson have made

BERLIN  
by Giles MacDonogh  
Sinclair Stevenson £25, 320 pages

the city the most attractive in Germany for foreign visitors (and expatriates). Berliners themselves, especially the many older and poorer ones, are less impressed.

But regarding anything as permanent in Berlin is unwise. As Giles MacDonogh's book on the city shows, the city has been reinvented at least once every century and frequently more often. Foreigners - Germans, Jews, French and Russians - have often set the tone: some as refugees, others as occupiers.

Architectural innovations have always been vigorous, if not always well judged. The city's food and drink have changed, too, to reach their current distinctive, if not always palatable, level (a glass of the foul-tasting Berliner Weisse beer, enlivened with the customary shot of strawberry syrup, was an indelible introduction for this reviewer).

MacDonogh, whose epicurean exploits in Germany have been well-documented in this newspaper, is on strong ground here; he also writes well about the Berliners' robust and varied sexual appetites in previous decades and centuries.

Any attempt to judge Berlin by its current, still rather shell-shocked, state would be a mistake and one which this book avoids (it scarcely touches on the events of the past 10 years). But readers may be nudged towards their own, optimistic answers to the big, fascinating question: how the city will change when the federal government moves here from Bonn in 1999.

As well as greater prosperity and self-respect, a great hope is that the current raffish and somewhat superficial internationalism will gain depth and class: a stronger middle-class, better schools and universities, more ambitious restaurants, and less repellent local politicians would all help dispel the provincial shadows cast over Berlin by the past decades and maybe raise its standing in Germans', as well as foreigners', eyes.

Edward Lucas

## At war with the Desert Fox

About five-sixths of the way through this memoir, Hans Werner Schmidt suddenly gives his game away. "I do not subscribe to the theory that Rommel was a superman. I found him much more unimpressive and stolid than the romanticised pictures that have been drawn of him by both friend and foe."

Schmidt's book, now reissued, first appeared in Britain in 1951. There was a market for it, and the text aims surely at it. In mid-war, when Rommel had seemed to be making fools of a succession of British commanders in North Africa, Churchill had hailed him in the House of Commons as a "great general". That Montgomery and the Eighth Army had then beaten him had proved that they were great soldiers, too.

Then Rommel had been unwittingly implicated by a conspirator in the unsuccessful July 1944 bomb plot to kill Hitler. Given a choice of a trial for high treason or suicide with a state funeral, Rommel had chosen the latter. So he stood forth as not only a "great" soldier but also a "good German".

Having fought the Desert Fox now seemed a rare privilege, and his name was a selling point for Schmidt's book, which is mostly about Schmidt's own adventures as an infantry officer after he had asked to leave Rommel's staff to get into the fighting. He had known the man as well as a close subordinate could, but halted some way

short of idolatry. Schmidt was a keen university student plucked from his studies. He had spent the first four years of his life in South Africa - which may explain why he gives South African troops an unexpectedly high profile in his account of the Desert War. It certainly accounted for the Wehrmacht's decision to send him to Eritrea in 1940, to collaborate with the Italians facing British troops there. As Mussolini's East African empire collapsed, he was ordered to join Rommel and get out of Asmara on the last Axis plane to leave. He does his best in his early pages to make his opponent's hero somewhat awesome. Rommel's handshake is "powerful". His blue eyes are steady. "His mouth and chin are well-formed and strong." Rommel was certainly a dedicated commander. "He wanted to be in a dozen places at once."

His charisma with his German troops depended on the reckless zeal with which he popped up anywhere and everywhere on the front. He drove about in a captured British command truck - the Germans called it a "Mammoth" - with a large pair of British sun-and-sand goggles over the gold-braided rim of his cap peak. When his driver was shot, Rommel drove the Mammoth himself, all through the night, refusing to be relieved. Since he was chronically undersupplied, his men fought on a diet largely provided by Italian tins of corned beef marked



Rommel, centre: a 'great' soldier and a 'good' German?

"A.M." They joked about "Alter Mann" - Old Man. Unlike his senior subordinates, but like Montgomery, Rommel chose to fare almost equally frugally.

Impatient of slackness and caution, he was hardly fun to be around. Perhaps only fellow-Syrians were in touch with his sense of humour. He campaigned on despite recurrent, severe jaundice, and in October 1942 was actually flown back

WITH ROMMEL IN THE DESERT  
by Hans Werner Schmidt  
Constable £15.95, 240 pages

to North Africa from a hospital in Germany to take charge again when the battle of El Alamein was going against his forces. He could not prevent defeat there, but conducted a very wily retreat, perhaps the most conclusive proof of his skills as a general. Schmidt was in the Tunisian frontline when Rommel gave the British, and the Americans who had joined them, a severe fright with a typically unpredictable counter-attack in the Kasserine Pass.

After the loss of Crete in May 1941, North Africa was for some months the only terrain where the British were engaging the enemy. Victory over Rommel seemed all the more imperative after the Japanese had overrun British forces in the Far East. Hence Rommel's capture of Tobruk, on the road to Cairo, in June 1942, more than a year after his

first attempt, was an imperial-sized calamity. But for Hitler, North Africa was a petty sideshow - his drive into the USSR was the real war. Rommel was promoted Field Marshal and built up as a hero in Germany, but could not command the resources he needed to prevail over superior American tanks confronted his own Panzers. His Italian allies were brave, but badly equipped and badly led.

So he lost what became for the British the Good War. Though coast Arabs, Bedouins - and gazelles - suffered as non-combatants usually do, there were not many of them. While venison was a welcome boost to the soldier's diet, opportunities for rape were few, and genocide wasn't called for. Casualty rates were at times huge, but they were largely incurred in clean dry wasteland.

Though as usual infantrymen bore the brunt, the contexts of tank "cavalry" were pretexts for notions of knightly valour.

Schmidt describes "the wide plains round Msus" as "an ideal (fantasy) ground for a fight to a finish between armoured forces, clear of all signs of civilisation..." His plain and very detailed account of the fighting was compiled with the advantage of post-war revelations about British planning and tactics, but retains a convincing immediacy. Given the time and context of its original publication, this remains a remarkably good book.

Angus Calder

Fiction/Brian Martin

## Traitors and martyrs

*The Untouchable* and *The House of Sleep* are in the first class of contemporary British fiction. Banville's novel is inspired, intelligent, literary: Coe's reaches a summit of pertinent social satire and is simultaneously a seriously funny, and funny serious, book.

*The Untouchable* is an equivalent of Shakespeare's treatment of Henry V: the protagonist is instantly recognisable but at some distance from the real history. In Banville's case this is Anthony Blunt. Victor Maskell is the image of Blunt: "I looked like one of those preserved bodies they dig up from Scandinavian bogs, all jaw and sinewy throats and hooded eyeballs."

Maskell's introspective testament of his treachery presents what might have passed through Blunt's mind and possesses his total lack of remorse. Blunt's support cast is included: Burgess and Maclean enter as Boy Bannister and the "Dour Scot" McLeish. There are parts too for Victor Rothschild and Blunt's deceptively domestic MIS interrogator, Arthur Martin.

Literary traces of diverse writers, such as Greene and Larkin, appear. Always good at the thumb-nail sketch, Banville describes T.S. Eliot, his "camel-eyed gaze and timbreless voice, the marks of a lifelong, obsessive dissembler".

*The Untouchable* is compelling. The narrative of Burgess and Maclean's defection is particularly so in its pathos, humour, excitement. The reflective Maskell is left waiting for death, realising the truth of his Harley Street consultant's remark "I should have thought you had died already in a way." Maskell reckons "public humiliation on the scale that I have experienced it is indeed a version of death."

Jonathan Coe's successor to the cult novel *What a Carve Up!* is superbly entertaining and it too has its numerous literary allusions. Pinter's plays "appeal to the misogyny deep within the male psyche." The house of sleep is Ashdown, a huge

cliff-top edifice, once a university students' residence. Twelve years later it has been bought and turned into a clinic for sleep disorders. A group of students who previously lived there, coincidentally reassembles, some as doctors, some as patients.

Sarah, a narcoleptic, cannot distinguish between dreams and reality. Terry Worth, a failed, disillusioned film critic and video and movie addict, is insomniac. The sinister, diabolically ingenious psychiatrist who directs the institute, Gregory

THE UNTOUCHABLE  
by John Banville  
Picador £15.99, 418 pages

THE HOUSE OF SLEEP  
by Jonathan Coe  
Viking £16.99, 352 pages

QUARANTINE  
by Jim Crace  
Viking £6.99, 256 pages

GREAT APES  
by Will Self  
Bloomsbury £15.99, 288 pages

Dudden, was the old-time student boyfriend of Sarah: he would twiddle and tweak her nipples as though he were adjusting a television set "trying to get a good picture for News at Ten." That is as far as Coe goes with sex scenes: he admits to living in fear of the *Literary Review's* Bad Sex Award.

Coe's novel is refreshingly incorrect politically. It is bilingually and justly satirical, particularly of the nation's school education system, the plight of teachers over-inspected and interfered with by quangos, and of management ethics introduced into the health service. The "role-playing modules and creativity enhancement procedures" administered by instructors, with "the vacantly shining eyes of the evangelical zealot" at a NHS psychiatrists' conference, ring too true for comfort.

It is a clever, witty book. Coe is fascinated by film and hence the cinematic qualities of the mind in sleep. He is concerned with language,

"a cruel and faithless mistress" who is both "traitor, and a double agent". Sarah tries to understand her problem by attempting to read an earlier, obscure book of the same title by Frank King: she sits "looking warily at the copy of *The House of Sleep* which lay on her kitchen table like an unexploded bomb." Coe's *House* explodes in the reader's consciousness with irresistible force.

"Thank heavens for the clarity of dreams" utters the narrator of Jim Crace's *Quarantine*. At least the abused, long-suffering wife of a dying caravan merchant in the Judean desert almost 2000 years ago gains some respite from the harsh reality of life that way. Then along comes a straggling line of five people, three men, a woman and an indeterminate fifth. "A slow, painstaking figure, made thin and watery by the rising, mirage heat."

It proves to be Jesus, the Galilean, come for his fast of 40 days and temptation in the wilderness. Unwittingly and ironically he cures the merchant and consequently there is no relief for the wife, "unwidowed, unfreed".

*Quarantine*, a hermit's novel, is a modern parable, set in a burned, barren biblical landscape and told in a similar sparse, arid, ascetic sub-biblical style, well worth reading especially by sceptics and mystics.

Whereas *Great Apes* is, without apology for the pun, self-indulgent whimsy with enough yarn to make a short story but which is teased out tediously to novel length. It would be a very resourceless person who had nothing better to do than read this book.

Edward Lucas

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ARTS

# Visions from the vaults

At the height of his career in the 1950s, the American Clifford Coffin was as highly paid as any photographer in the world. He retired from professional work in the 1960s, having made enough to live on, and died in 1972 at the age of 58, reclusive and virtually forgotten. To quote the press-release to the the National Portrait Gallery exhibition, he "is known to a handful of admirers as the greatest of Vogue magazine's 'lost' photographers." Too true, and it was Vogue itself, as much as anyone, that did the losing.

We should not be too unsympathetic; archives are space-hungry luxuries and who would blame any modern magazine for undervaluing its cumulated past. And Coffin himself had the bad luck to contribute to his own obscurity with a fire that destroyed the entire contents of his New York studio in 1965. Even so, much survived in Vogue's London basement into the 1980s - until some bright executive spark required space for other things. Old filing cabinets, their drawers full of Coffin's proofs and negatives - and not only his - went on the skip.

But even at the time wiser councils did prevail enough for something to be saved. Now Robin Muir, a former picture editor at Vogue, who did much to save and reassess what was left, has with this exhibition restored to Coffin the public reputation he deserves.

So often with fashion photography, the work is as much to do with portraiture as with fashion, and with Coffin there is no real distinction to draw between his work in the two fields. It is clear that he brought not merely the same high discrimination, judgment and technical finesse to bear in either case - his unremitting perfectionism would often reduce his models to tears - but the same aesthetic. His portrait subjects are disposed with the same formal clarity and precision as his clothes-horse models, and his models, known or anonymous, stand always in *propria persona*, quite themselves.

He was not altogether the pioneer in this respect of model as person, for photographers such as Steichen had been there before him. But he removed from it the theatricality, that sense of conscious presentation of the clothes even as he was effectively describing them. There is, on the one hand, the formal composition, closely defined in the exact flirt of a skirt in silhouette against the open door, the leaning figure relaxed against the distant curve of the bridge; on the other, for all that perfectionism, a compensating naturalism that is immediately engag-



Unknown fashion models, Los Angeles 1949, by Clifford Coffin: the NPG exhibition restores to this 'lost' photographer the public reputation he deserves

ing. These are conversation pieces, untold incidents and encounters, as we might find them in Watteau, Boucher or Taborch, crisp, clear and beautifully composed in the formal, abstract sense, yet real people in real places.

His later work in New York, mainly in colour, is more obviously graphic and clever. Not that it is not effective - what could be more memorable than Jean Patchett's head wreathed in a scarf striped in black and gold, or the scarlet nails and lips of Mary-Anne Russell? But by then Blumenfeld and Penn were up to much the same tricks.

No: it is the earlier work, just post-war in Paris and London that is the more particular, all of it in black and white that, in the hands of a master, curiously seems full of colour. Much is presented as it was found, vintage proofs taken on that old matt paper stock. The simple, sweeping brim of Patricia Cunningham's hat; Barbara Goalen in stark profile against bare plaster wall; a pensive Deborah Kerr; the long-skirted model in the sculptor's studio warming her hands at the stove; Janine Klein turning so quickly at the mirror to look up at us - these are great things.

Coffin flourished in a talented time, with such as Horst and Parkinson, Clarke, Beaton, Avedon, Denney, Penn, Blumenfeld and Rawlings as working contempo-

rari. Some adapted to new circumstances, not all were forgotten. Coffin was. Now, even more so in rarity, he stands again with that of them.

William Packer  
Cord Coffin: the Varnished Th - photographs from Vogue 1955. National Portrait Gallery, St Martin's Place WC2, until 28 September.

his coming Monday brings the sixth and last in a BBC2 series called *Tales From The Riverbank* which seemed at first to be just another set of programmes about fishing. Even those of us who have never held a rod in our lives tend to know what these programmes are like: they feature men in anoraks who go to absurd lengths to spend a night crouched by a god forsaken lake waiting for a bite from a legendary fish which only ever appears when the moon is waning and some obscure insect is hatching. Since fish never bite when there is a camera within 50 yards, we, the viewers, spend a lot of time looking at the rain and hearing the angler muse about his wife, how much he hates his job, and the one that got away. Such programmes powerfully reinforce the determination of non fishermen not to fish, and inspire bafflement about why fishermen bother.

At first *Tales From The Riverbank* seemed set to cover much the same ground. Or water. True, the presenter was actor Geoffrey Palmer, one of the mainstays of British situation comedy (see him tomorrow night with Judi Dench in *As Time Goes By* on BBC1) who has a splendid voice, very suitable for commentary in programmes such as these, but he was wearing one of those sleeveless anoraks covered in pockets, and he did seem to be just as barmy as all the other fishermen you ever met. However, quite quickly it started to become clear that these programmes were not to be entirely conventional. Having gazed across the water from the fisherman's point of view, the camera then cut to a reverse angle to gaze back from the fish's p.o.v., and that sequence became the fixed habit of the series.

There is nothing very surprising in this once you

remember that *Tales From The Riverbank* was made by BBC Bristol, home the Natural History Unit, outfit which leads the way in developing and exciting equipment and techniques designed to make it possible for us to watch molting ground, birds in the nests, or - of course - grunder water.

Their expertise is now such that, ironically, any one with little knowledge of the methods may have wondered just how contrived some of the footage in this has been. Obviously you cut from a surfboat of a pike fisherman taking an enormous cast in underwater shot of pure plopping down in it of the pike's nose as the fish promptly snaps at it, something fish(sorry) is going on.

The camera operator has not leaped in the water and raced across the loch, beating the wind arriving in time to film arrival, so what has happened exactly? It would be as resting to know how my of the underwater sequences - many of the beautiful - were shot inks, and how many, if at all on location, not because seems to be any ethical problem, but at the tynd degree of expertise involved. Lighting, water comings, and all other details invariably matched up, so perhaps they did do the

underwater shots on location. But they were not the only constituent setting these programmes apart.

Whether the subject has been fly fishing for salmon on the Wye, lake fishing for unnaturally gigantic purpose-bred trout (why not buy your trophies from a fishmonger?) or - as in the final programme on Monday - fishing in various odd places for eels, the approach has often been much like that of previous angling series.

However, although passion, dedication and obsession are all present, there has been, over and above those, a quizzical and self-mocking tone. That, added to the attractions of the settings and the wildlife, has made a series with an appeal way beyond the ranks of bleak Walton followers. Furthermore, the deliberate inclusion of the idiosyncratic - the man with a radio-controlled boat which dumps ground bait like depth charges precisely where he wants it, or the stories about Otto Overbeck who lured carp with posies of flowers - has reinforced that broad appeal.

Surprisingly in view of the popularity these days of vegetarianism, environmental campaigning and hostility towards blood sports, the one notable absence from the series is any attempt to rebut, or even acknowledge, the widespread feeling that fishing is cruel. Many non-anglers clearly believe that digging books into fish and dragging them out of their natural element is wrong, no matter how loud the fishermen's declarations of love and admiration for the fish. If the Blair government bans fox-hunting can it, in all logic, permit the continuation of the activities so vividly depicted in *Tales From The Riverbank*?

Christopher Dunkley

Radio/Martin Hoyle

# Power of the single voice

I suppose the radio equivalent of the talking heads so shunned by television directors is the reading voice. In both cases it is the content rather than any pretensions attempt to exploit the form that counts.

Talking heads can be fascinating. A single voice reading can be enthralling. Last week Radio 3 put our money where its milk is with a series of readings from fiction in translation, and the result was engrossing.

In Translation gave us samples of works originally in German, Spanish, Italian, French and Creole. Without knowing the originals, I can only take their accuracy for granted. As far as style went they were impeccable.

An excess of mannerism made *The Moon in the Elephant Mask* rather an odd experience. The story of Joseph Merrick, the "Elephant Man", was treated with high style, rather in the manner of a verbose Victorian melodrama with over-articulating common folk when in fact the story harrows and moves at its simplest, most human level.

The little boy could not understand the word "mother", a concept quarrelled over by the children in the camp, some of whom said that everyone had one once but now there were no more mothers, no more world outside. It was like an obscene distortion of the wistful whimsy on the same subject in *Peter Pan*. An incomprehending encounter with (he is told) his dying mother, who gives him a piece of bread, touches a chord.

The orphanage at first seems only an extension of inhuman institutionalisation. The child tearfully refuses bread until it is presented to him, as a gift, with a smile.

This dawn of hope for normality ends a story chilling in its definition of corruption - real corruption, not sleaze or sex but the pollution and debasement of everyday life and humanity.

More wonderful reading from Niamh Cusack in William Trevor's *The Dancing Master's Music* (Radio 3 again). A servant girl in an Irish country house is fascinated by the Italian dancing master who gives a farewell concert to the below-stairs staff, allowed for the occasion to carry their chairs into the drawing-room. Nobody quite understands it, but the memory provides "the marvel in her life" into her old age. Deceptively simple, eternally resonant, like the best of Trevor.

And the single voice can triumphantly relay fact as well as fiction. The week

before last Liz Crow read her own *Dear Diary* (Radio 4), dealing with a trip to Tijuana. No holiday this, but a desperate recourse to alternative medical treatment for a young woman who can no longer walk.

Clarity, observation, shrewdness, good nature - everything someone in her position could be excused for not having was there. She is a natural writer; the result was moving and made one want to keep in touch.

Other good things included *A Life of Crime*, presented by Frances Pyfield, with such luminaries as P.D. James and Minette Walters, stylishly produced, talking of writing about murder in an agreeably chilling way. An excess of mannerism made *The Moon in the Elephant Mask* rather an odd experience. The story of Joseph Merrick, the "Elephant Man", was treated with high style, rather in the manner of a verbose Victorian melodrama with over-articulating common folk when in fact the story harrows and moves at its simplest, most human level.

A Gothic feeling for darkness and menace was more successfully applied to Saturday's *Late Night Theatre*, *My Bed in Darkness*. Jonathan Myerson's script, Alison Hindell's production and a fine cast elevated this story of London's bas-fonds and its disoriented youth into something like a disturbing world picture. Terrifically gripping.

A new series dragged this week's high average down. *John Walters: Stuck In* provides a voice that may be one man's comedy but is another's deep irritation. Walters' consciously droll approach is basically as patronising as Arthur Smith's in *I'm Still Standing*, a progress through Europe's famous bars.

Smith was at his worst at Harry's Bar in Venice, incredulous at the fact that some people don't go to a bar to get plastered, implicitly telling the Italians off for not talking English and having a foreign culture (he knew the word "cappuccino" as food, not the name of a painter, and suggested that this dismissiveness was the norm).

As for Walters, he was making merry at the expense of Hull (Hull, I ask you!), his running gag being the David Whitfield Memorial Garden. But come to that, do you know where Lord Keith's grave is? You can identify it by the number of BBC cabs dancing on it.

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## ARTS

# New pride of Lille

The Palais des Beaux Arts has been transformed, writes Antony Thorncroft

A couple of years late, and many millions of francs above budget, the Palais des Beaux Arts in Lille has finally opened. It has been well worth waiting for. The actual art collection may not have improved much during the eight-year closure – the only two major acquisitions were paintings by Chardin and van Hemessen – but the look of the place has been transformed into one of the most intriguing exhibition spaces in Europe.

The Palais was built just over 100 years ago in a grandiose classical style to house one of the best provincial art collections in France – a collection boosted by Napoleonic plunder and the need to bolster Frenchness in a border region. Even then ambition exceeded means, and the Palais was halted half way through construction.

The architects of the revamp, Jean-Marc Iboe and Myrto Vitari, have made excellent use of the space left empty at the rear of the museum. There they have built a new administration building, but one fronted with burnished reflecting glass, upon which is mirrored the stately lines of the original building, some 40 metres away. It creates a striking image, conveying the flickering reality of an Impressionist painting.

The other challenging feature of the refurbished museum is that the architects have totally cleared it of art – at least in the central ground floor atrium. This is now a vast communal space, made even more bizarre by its decoration with 48 one-metre square glass cubes on plinths, created by Giulio Padini, all of which are totally empty. In the vast foyer to the Palais there is another modern art concept, two huge light fittings composed of coloured glass, created by another Italian artist, Gaetano Pesce.

The art is hidden away: a 19th-century sculpture gallery down one wing of the ground floor; and the important collection of drawings, which includes works by Raphael, in a hollowed out basement area

beneath the concourse between the old and new buildings. Like many modern museums, a great deal happens underground and the red brickwork of the original vaults has been smartened up to provide, with subdued lighting, a suitably religious atmosphere for the medieval works of art.

Here, too, are kept the relief models of local border towns, including one of Lille, which were originally commissioned by Louis XIV to help him plan his wars. It was these models which provided the spark for the rebuilding of the museum.

Pierre Mauroy, a man of Lille, and still its mayor, was prime minister of France a decade ago when he discovered them moldering away in Les Invalides. He "repatriated" the models to Lille and initiated the restoration of the city's museum, the better to display them. Ironically, they still seem tucked away: you want to play soldiers all over them, but they are dimly lit, and kept distant from interfering hands.

To reach the art, mainly Old Master paintings from the 17th century onwards, with only a perfunctory presentation from the 20th, you must pay your F130 and climb a grand new staircase. Here the museum's director, Arnaud Brejon de Lavergnée, has been given his head. Most of the gallery walls have been painted dark red, the favoured colour for 19th-century museums, with the pictures also hung in the old way, often three high, to ensure that 600 works, roughly half the collection, is on display.

In the first room the visitor is confronted by a major Rubens, "The Descent from the Cross", which, like many of the paintings, has been cleaned to display all its sinuous magnificence. It is perhaps a mistake to show off the finest work in the museum so quickly. You soon realise that the strength of the Palais is its profusion of Flemish paintings of the 17th cen-



Rubens' 'Descent from the Cross', one of the museum's finest paintings, displaying its sinuous magnificence

tury. It is in a way a representative national collection, alone international.

There are, however, good, interesting rooms – French classical paintings, rich in detail; a fascinating display of much art of the 18th century showing change from romanticism to

cross to Courbet; and some good Symbolists. There are also important Goyas, and a nod towards the Impressionists with works by Monet, Renoir, Sisley and Van Gogh.

But the main attraction of the Palais is the building – expensive, at around £27m for a facelift, but

an intriguing mixture of solid 19th-century stone and late 20th-century postmodernism. Throw in the fact that this lively, confident, fast-changing French city is just two hours from London by Eurostar and this is one occasion when the art can act as the hors d'oeuvre for a continental feast.

## Theatre/Kieran Cooke Rural idyll punctured

Patrick Kavanagh, one of Ireland's most notable post-war poets and prose writers, had no doubt about the merits of his novel *Tarry Flynn*. "In all modesty this is the only book that tells the truth about rural Ireland."

Tarry is a farmer and romantic who wanders the fields and hedgerows thinking endlessly of poetry and love. "Tarry loved all nice girls. He loved virtuous girls, and that was one of the things he admired the Catholic religion for – because it kept girls virtuous until such time as he'd meet them."

*Tarry Flynn* is set in the border countryside of Ireland in the mid 1930s. The Abbey's adaptation, directed by Conall Morrison, leads us skipping and dancing down the lanes of those times.

Kavanagh, brought up in the same borderlands but an inhabitant of several Dublin drinking establishments in the 1940s and '50s, punctured the rural idyll. "Hating your neighbour is an essential part of a small farmer's life," says Tarry. When *Tarry Flynn* was published in 1948, the book was banned and only began to appear on Ireland's bookshelves in the late 1960s.

The old icons of rural life are paraded. Tarry's mother watches over his every move, chastising him for being late for church and for burying himself in the "Curse O'God books." She loves Tarry, but has no time for anyone else. Her three daughters can't find men and won't leave home. "They are stuck like a blind to my window." One neighbour has hair "like an exploded mattress." Another has a mouth "as tight as a crow's arse."

The priest, the supreme authority in the neighbourhood, rails against the sins of the flesh and worries about life "boiling over into a wild orgy of lust."

It is a simple, innocent world. Tarry's search for love comes to nothing, even

when he finds a girl. "He was sitting closer to a girl than ever before in his life. It was what he always dreamed of. He was very unhappy."

Purists might object to some aspects of this adaptation. At times *Tarry Flynn* is in danger of descending into pantomime. It is saved by its energy and imagination and a wealth of versatile acting. James Kennedy, as Tarry, is a Chaplinesque figure, bobbing about in a state of poetic confusion, taut with suppressed desire. Pauline Flanagan as the mother is part harpist, part comic spinner of home philosophies. "I may be decent but I'm not stupid," she says. "There's more in this head than you can take out with a comb."

In much of his writing Kavanagh emphasised the close relationship between man and nature. In this production there are some highly engaging animals. Actors in flat caps chuck about the stage, hopping on tables. A bedraggled heifer smokes a cigarette after an encounter with the bull. A new-born calf reads from *Madame Bovary*.

There are those who argue that *Tarry Flynn* is a museum piece, that Ireland has moved on. Many of the old verities and stereotypes of Kavanagh's time have disappeared. Yet rural Ireland can still be a dark and brooding place, full of petty squabbles and jealousies.

Kavanagh could only write about the Irish countryside from the safe distance of Dublin. In the end Tarry realises he too must leave for the city, despite his love for the fields and animals. An uncle encourages him. Distance, he says, is the only thing liable to make the heart grow fonder. "The best way to love a country like this is from a range of not less than 300 miles."

The Abbey Theatre, Dublin, until June 28.

Record review/Richard Fairman

## On the soundtrack of the stars

There is still a place for new opera recordings with a star's name on the cover. Opera-lovers with an eye on the past may protest that singing is not what it used to be, but the public always finds new stars and some of them make records worth hearing.

One of the best sellers among the younger generation is Cecilia Bartoli, the Italian mezzo signed up by Decca when she was an unknown quantity to the rest of the world. Bartoli is not a typical prima donna. Because her voice is on the small side, hers is an artistry based on agility and words, rather than power or beauty. There will not be any Verdi or Puccini from her, but Decca can use her popularity to venture down paths where most prima donnas do not wish to tread.

So far Bartoli has recorded a couple of her favourite Rossini roles and the obvious Mozart. But her new set of Haydn's rarely-seen *Orfeo ed Euridice* makes a more interesting departure and there is likely to be early music, such as Monteverdi, to follow. Of course, Haydn is classified as early music in some quarters today and Bartoli's colleagues on this recording are the Academy of Ancient Music under Christopher Hogwood, playing with the same 18th-century grace that has characterised their Haydn symphony cycle.

For Bartoli herself, the opera affords a well-tailored, if not quite starring role. Having given Euridice a couple of attractive arias, Haydn virtually writes her out of the opera from the half-way point, when she is sent down to Hades. By way of compensation Decca gives Bartoli the additional role of the "Genio" or Spirit, which inconveniently involves her having a brief conversation with herself in the last act, but also hands her the opera's most dazzling aria, "Al tuo seno fortunato", full of fireworks well up in the soprano register.

Bartoli sings both that and Euridice's music with fizzing élan, although her fondness for whispering breathlessly into the microphone is starting to become a habit. With Uwe Hellmann as a nicely poetic Orfeo and Alessandro d'Arcangelo in the role of Creonte living up to his growing reputation as one of Italy's best young baritones, this is altogether a stylish and lively performance of a Haydn opera that is worth getting to know.

There are stars on EMI's recording of *La Traviata*. This is the first complete opera to feature together opera's big-brothered love birds, Angela Gheorghiu and Roberto Alagna. When there are so many romantic French and Italian operas in which they can play the parts, this rarity in Puccini's output is a strange choice, but it is one that has worked out very well. There is an insouciance about the performance which is just what this is: one-tear-in-the-eye romance arias.

George is growing quickly as artist and her portrayal winsome Magda comb the delicate coating of tone that originally brought her to notice as a big singer with a stronger project of character. I am less sure about Agneta, as there are occasional warm signs of strain at the top of his but that do not bode well for the future but for the most part his singing is Ruggiero here

Haydn: *Orfeo ed Euridice*. Academy of Ancient Music Chorus and Orch/Christopher Hogwood. L'Oiseau Lyre 452 683-2 (2 CDs). Puccini: *La Traviata*. London Symphony Orch/Antonio Pappano. EMI CDS 556 338-2 (2 CDs). Stravinsky: *The Rake's Progress*. Saito Kinen Orch/Seiji Ozawa. Philips 454 431-2 (2 CDs). Debussy: *Pelléas et Mélisande*. Orchestre National de Lille/Région Nord/Pas-de-Calais/Jean-Claude Casadesu. Naxos 8.680047-9 (3 CDs).

sounds winningly youthful. There is a first-rate supporting cast, including William Matteucci and Inva Mula near ideal as the light-hearted second couple, and the conductor, Antonio Pappano, is less inclined to overplay his hand than he was on EMI's companion set of *La Bohème* last autumn. The star in Philips's recording of *The Rake's Progress* is the Saito Kinen Orchestra, Seiji Ozawa's hand-picked

band of soloists, which plays with a homogeneity of tone and ensemble that compels admiration. Only thorough preparation can result in music-making of this quality, but in opera that can be as much of a liability as an advantage. Although it is based on a stage production in Japan, this *Rake* has little spontaneity to it. Without a sharp sense of irony (Jane Henschel's grumpy Baba the Turk is the exception here) Stravinsky's very knowing reworking of the classical idiom loses its cutting edge. Paul Plishka, in the black role of devilish Nick Shadow, is particularly grey and gruff. Anthony Rolfe Johnson makes far more of his words as Tom Rakewell, though not without signs of vocal discomfort these days, and Sylvia McNair sings beautifully as a rather sweet-toothed Anne Trulove. When there are other recordings of the opera newly on the market or about to arrive, this would seem a good time to shop around.

If a record company is not in a position to offer stars, it can always com-

pete on price. This is what Naxos has been doing with notable success in the orchestral and instrumental categories and it is also building up more slowly a catalogue of complete operas. The recording of Debussy's *Pelléas et Mélisande* comes from a stage production at the Opéra de Lille.

In the best sense of the term, it is a team effort, distinguished by an innate sense of French style. The Lille orchestra may not be one of the foremost in the world, and it is inevitably reduced to a thinner sound in the pit than one hears on studio recordings of the opera, but there is a freshness about its playing under Jean-Claude Casadesu that is sufficient compensation. Except when the singers stray away from the microphone, their words are commendably clear.

Mireille Delunsch as Mélisande and Gérard Thérivel, a light baritone worth watching, as Pelléas both sing the French text with simplicity and meaning. Armand Arapian plays Golaud with understated menace and the only serious disappointment comes from the wobbly Arkel of Gabriel Bacquier, one of the great French singers of the post-war years and a star in his day, but not I fear adding to his lustre here.

## London remains a mecca for Oriental art

Over the last decade, Sotheby's and Christie's have promoted first the Far East and then New York as the pre-eminent markets for top-notch works of Oriental art – leaving the London auction rooms as the poor relations.

The London dealers nonetheless continue to stage

impressive annual exhibitions around the traditional focal point of the Grosvenor House Antiques Fair, Olympia and the International Ceramics Fair. For Far Eastern and continental clients, London is still a favoured place to shop, and its expertise is unrivalled.

Certainly this season's shows demonstrate the range and quality of material on offer. Eskenazi offers a choice show of Buddhist sculpture, a field the gallery has pioneered in the west. (10 Clifford Street, W1, until July 12). Examples have been pouring out of China over the last two or three years. This group spans nine centuries, and in scale anything from a 19cm high gilt-bronze Buddha of the Tang period to the imposing marble torso standing over 2m high, a victim no doubt of the iconoclasm that followed the official suppression of Buddhism in China in 845.

Most striking is a provincial limestone panel from the end of a sarcophagus, dating from the Northern Song period (960-1127). The central figure of a monk appears through open doors,

flanked by Bodhisattvas, and guarding the flight of steps below are not lions but two curly-tailed dogs. Harnessed ponies carved in low relief await among rocks and peonies, dragon and lotus scrolls. It is as splendid an invitation to the after-life as anyone could hope for.

Some pieces are included predominantly under lacquer and white enamel, plus some Kakiemon wares, and polychrome Imari. Prices range from £250 to £120,000 for a pair of porcelain figures. The 11th in 17 years, focuses on Chinese porcelain. "Seventeenth-century blue and white and copper-red and their predecessors" brings together some 70 pieces of the Ming and Qing periods. On show are Imperial wares, wares made for the general domestic market and for export, primarily to Japan and the west. Prices range from £350-£70,000. (120 Kensington Church Street, W8, until June 20).

Japanese export porcelain of the late-17th and early-18th centuries is under the spotlight at Barry Davies Oriental Art. (1 Davies Street, W1, June 17-27). The gallery has secured the Komari porcelain collection formed by Dr Oliver Impey, a senior curator at the Ashmolean Museum in Oxford. It is the best comprehensive assemblage in this area since the 1950s. Some pieces are included predominantly under lacquer and white enamel, plus some Kakiemon wares, and polychrome Imari. Prices range from £250 to £120,000 for a pair of porcelain figures. The 11th in 17 years, focuses on Chinese porcelain. "Seventeenth-century blue and white and copper-red and their predecessors" brings together some 70 pieces of the Ming and Qing periods. On show are Imperial wares, wares made for the general domestic market and for export, primarily to Japan and the west. Prices range from £350-£70,000. (120 Kensington Church Street, W8, until June 20).

quered doors, ivory inlay, appliqué work – and a touch of European Art Nouveau (£250,000). At 5 King Street, SW1, June 18-27. Round the corner at 8 Duke Street, Malcolm Fairley's inaugural show at the Asia Art Gallery focuses on Meiji and later Taisho period lacquerwork. (June 16-27). In "Flowers of the Chisel", Fairley looks less to the ornate decoration of late-19th century Japan than to the more restrained productions of Japanese artist-craftsmen of the early-20th century. Most of the 37 pieces are signed by individual artists – Shomin, Katsuyoshi and Shunmin among them – and range from figurines to engraved and carved vases, panels and boxes. Prices £2,000-£100,000.

Gerald Hawthorn, formerly of the Oriental Art Gallery, presents his first catalogue and show of a wide range of Chinese, Japanese and Korean works of art. At 104 Mount Street, W1, June 9-22. Prices £250-£35,000. Former partner Roger Kervane, in association with Michael Gillingham, presents their similarly broad-brush show of Chinese works of art down the road at No. 120. And Chinese snuff-bottle specialist Robert Hall has unveiled his annual exhibition, until June 21 at 15c Clifford Street, W1.

Susan Moore

## Art Basel Modern icons up for grabs

Warhol red paint and silver-glitter silkscreen portrait of German artist Joseph Beuys – two modern icons effectively for the price of one – and a late Willem de Kooning. Nearby, in the ground floor area devoted to high-priced big-name works, Marlborough Gallery was asking \$3m "from a museum or someone with big walls" for Francis Bacon's ominous Tryplich 1986-1987 featuring US president Wilson, an evocation of the death of Trotsky, and a portrait of the artist's boyfriend John Edwards naked save for a pair of cricket pads.

Bernard Jacobson fielded some outstanding Graham Sutherland and Ben Nicholson oils, Amely Juda a selection of David Hockney's latest work and Earsten Greve of Cologne a 1966 canvas by Cy Twombly – shaky white scribbles against a grey ground – priced \$3m

and placed in the care of its very own security guard.

At far more accessible prices – £100 or so, for certain prints – the cutting edge of contemporary art is found on the first floor of the Basel fair. One section, entitled Statements, is devoted to 20 one-man shows by less well established artists such as Darren Lago. Alongside a busy video hall, 19 dealers propose photographs, from Helmut Newton's latest nudies with Rudolf Kicken of Cologne, to meticulously composed pre-war prints by André Kertész or large format colour photos of diseased flowers by Mat Collishaw.

Elsewhere on the first floor, the Donald Young Gallery from Seattle is exhibiting recent sculptures of hands by cult US artist Bruce Nauman. Jay Jopling from London, with mainly British artists, sold three-quarters of his stock on opening night. It included two never previously shown sculptures by Damien Hirst: "Dance Naked", a glass cabinet packed with surgical instruments and two human skeletons; and "Horror at Home", a giant ashtray full of real cigarette stubs, cigarette packets and ash. Both were bought by museums.

Nicholas Powell

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## Sporting Profile

# The golfing record book writes his final chapter

Derek Lawrenson is full of admiration for the remarkable feats of Jack Nicklaus – and recalls one of the greatest ever acts of sportsmanship

**S**am Torrance withdrew before the start of the first round with a pulled neck muscle at the recent Deutsche Bank Open golf tournament in Hamburg. Bernhard Langer was taken to hospital with back spasms; and Severiano Ballesteros spoke of the back surgery he was considering that would rule him out of all competition for the summer.

I highlight these three cases because they put into context a remarkable feat of longevity that has been taking place this week at the US Open, with Jack Nicklaus competing in his 150th major championship.

On these pages two weeks ago, a profile was run of Cal Ripken Jr, the baseball short stop who has turned out for 2,400 consecutive games for the Baltimore Orioles, dating back to May 30 1982.

Nicklaus's record is just as extraordinary. He made his debut in a major in 1957, missing the half-way cut in the US Open, and has played in 142 consecutive majors since 1962. The 57-year-old is threatening to bring that streak to a close and to play at next month's Open at Royal Troon. "I shall see how I play at the US Open," he says. It would be a pity if he were to stop now, for it was over the Ayrshire course that he made his Open debut, 35 years ago.

Judged by the criteria used in other sports, record of 18 wins in 19 grand slam events is perhaps nothing special. In golf, he is so far ahead of anyone else – Walter Hagen is next best with 11, that his old friend and adversary, Tom Weiskopf, once said: "Jack Nicklaus is the record book."

Yet, what is still more amazing is the fact that Nicklaus has finished in the top three in no fewer than 49 of those grand slam events, a level of consistency that almost defies belief. His impending retirement comes at a timely moment with the emergence of Tiger Woods, the first golfer for a generation to come along who might one day challenge Nicklaus's record.

At 21, Woods actually ahead of the great man at the same age, which is some going when one considers that Nicklaus won the US Open in his first season as a professional.

The similarities are too

great to ignore. When Nicklaus emerged from college he drove the ball 30 yards farther than anyone else and possessed such a strong mind that virtues that had been thought priceless, such as experience, were overruled. He was arrogant, too, and was disliked by some professionals because he dominated to such an extent that he trampled on their egos.

Change the word Nicklaus to Woods, and we have the stage of golf heading into the second major championship of the season. "I used to laugh all those years ago when I was hitting eight and nine irons into the greens and others were hitting four and five irons," Nicklaus said recently. "Now it is Tiger's turn to snigger and

**Jacklin looked stunned by Nicklaus's gesture. He later said it was a pivotal moment in his life**

say: "Tough course, huh?" With a generosity that is characteristic of the great golfers as they head towards their dotage, Nicklaus has been fulsome in his praise of the young pretender. It was Bobby Jones, who once said: "He plays a game with which I am not familiar."

In the US Masters at Augusta in April, as Woods completed his record-breaking triumph, Nicklaus recalled that quote, the greatest compliment ever paid him. "I tell you this," he said. "It is a shame Bob Jones is not here this week, he could have saved his words from 1963 for Tiger. Because he certainly plays a game with which none of us are familiar."

What the golfing world awaits to learn is how Woods will react to adversity, because of all Nicklaus's many assets, this was the one that set him apart. Even genuinely great players who came after him, such as Tom Watson and Severiano Ballesteros, found it hard, ultimately, to cope with crushing defeat. Watson was never the same player after losing the 1984

Open to Ballesteros; the Spaniard lost the feeling of destiny he possessed when he unexpectedly fell away at the 1986 Masters.

Twenty years ago, Nicklaus shot 55-56 in the final two rounds of the Open, yet still lost to Watson on the final green. Who could have come back from such heartbreak? Nicklaus came back and won the following year.

His legacy to golf is truly enormous. Not just the fact that he is the record book. Far more important is the way he has conducted himself, both in victory and defeat.

After that immense loss to Watson, the first man to embrace the victor was Nicklaus himself, forgetting his own disappointment to recognise the skills of another. In 1996, at Augusta, two men who were inspired to take up the game after watching Nicklaus also embraced after a similar gladiatorial battle for the Masters. Golf was rightly proud of Nick Faldo and Greg Norman that day but it was the example set by Nicklaus that lay behind it.

Then there is the Ryder Cup. It has become one of the leading events in the sporting calendar because of two things: it is invariably a titanic contest, and it is played under a code of great sportsmanship. Nicklaus was largely responsible for both.

In 1977, tired of the one-sided affairs that were a hallmark of the Ryder Cup matches between the US and Great Britain and Ireland, it was Nicklaus who suggested that the latter side be augmented with the best of the Europeans. It was only after that suggestion was implemented that the Ryder Cup became a contest in the true sense of the word.

Eight years earlier, he had rewritten the book on sportsmanship, too. For once, the Ryder Cup was a close-run thing. With one match on the course, the scores were tied. The game that would decide it featured Nicklaus against the British sporting hero at the time, Tony Jacklin.

"How do you feel?" Nicklaus asked Jacklin on the 18th hole, the score all square.

"Bloody awful," said Jacklin, candid as ever. "If it's any consolation, I don't feel so clever either," Nicklaus replied.

In the end it came down to

a 3ft putt that Jacklin had to make to force a halved Ryder Cup. While Jacklin contemplated the putt, the scene went through Nicklaus's mind: he thought of the devastation that would face Jacklin if he missed, the man who had won the Open three months earlier, now possibly perceived as a failure because of a missed short putt; he thought of a Ryder Cup being decided on such a mistake.

Nicklaus decided that it was not worth it. He walked up to Jacklin and picked up his marker, conceding the putt. "I'm sure you would have holed but I was not prepared to see you miss," he told him.

Was it the greatest sporting gesture of all time? The American captain Sam Snead did not think so. He was so livid he could not bring himself to speak to Nicklaus.

I would rather remember

Jacklin's reaction. In the photographs that capture the moment, he looks stunned by the gesture. Years later he would talk about it being a pivotal moment in his life.

One record that did elude Nicklaus was the Grand Slam, which will surely always stand out of the reach of any golfer. Ben Hogan came closest in 1953 when he won the Masters, the US Open and the Open, but he did not enter the

fourth major, the USPGA Championship. The closest Nicklaus came was in 1972, when he won the first two legs. But for the third, the Open at Muirfield, he was troubled by back pain and almost withdrew at one point. He still finished runner-up, a single shot behind Lee Trevino.

At the US Open at Congressional, Washington, this week, Nicklaus could hardly have been expected to make the cut. Age has

withered him. He looks smaller, the arthritis in his hips causing him to stoop. But he will patiently be answering all the inevitable questions about Woods.

And, at the end of his last US Open, Nicklaus's acknowledgement of the cheers and the farewells of the crowd recall the graceful manners that have been the hallmark of his major championship career – a wave, a sheepish grin, and a humility that becomes him.

## Cricket

## Leadership for winners and losers

Teresa McLean compares England and Australia's contrasting views of captaincy

**T**he last time the Australians led Britain, in 1938, the tour felt different. It was the start of a new era, the home side being clobbered in the fourth Test at Headingley.

To relieve misery, I wandered over the pavilion and asked a doorman if he could find a tanning pier who would agree to be interviewed.

At the 18, Australia's first innings total was nearing 600 runs, only 9 batsmen were on the field and the doorman pattered saying he might be able to find me someone. He found the man, Allan Border, who spoke to me firmly on the subject of victory – "the only thing that matters" – making occasional diversions into subjects connected with victory, such as captaincy.

That was a different era. Even before the summer's Tests began, the Texaco one-day matches set the trend: it was only people to talk to a player from the team, English or Australian, let alone through an elaborate process of booking,

information and security checks. Captains Mark Taylor and Mike Atherton were inaccessible, except at a short press conference after each match.

Taylor was asked endlessly whether he thought he was worth his place as captain, in view of his failures with the bat, but not about the nature of captaincy as a job. A few years ago, Border would not speak about himself, only about the nature of his job as a tool of triumph. Today's questions and answers are more carefully controlled and more personal.

Taylor has managed to penetrate the safety shield that surrounds him to give the impression that he is a nice chap, like his opposite number in the English team, both of them preferring to keep as quiet as possible.

I like Taylor much more than I liked Border, but as far as captaincy is concerned, the interest lies in the fact that Taylor embodies an essentially un-Australian style of leadership, foreign to Border and a whole tradition of Australian captains before him.

Australians pride themselves on choosing their Test players first, then choosing the best of them to be captain. Ian Chappell, a tough Australian captain from 1972 to 1976, put it clearly: "A Test captain must earn the respect of every member of his team; he has to have shown there is no doubt that his playing talents have earned him the right to be in that team."

Chappell always despised the English fondness for choosing a captain for his qualities of leadership, then picking a team to be subject to those qualities, a fondness celebrated by the BBC Light Programme on February 9 1947: "A captain leads a team and his men follow him – what Wally Hammond is to England today, Christ was to the early Christians."

Chappell would not have liked that. Until Taylor's heroic century at Edgbaston last weekend, his first in 23 Test innings, his lack of form had left the Australians with the question of whether he had become no more than a burden or whether his leadership justified itself by his match-winning successes, as English think-

ing would maintain and Australian results would seem to confirm.

He led his country to victory in two important series recently, against the West Indies and South Africa, although his own batting was pitifully weak. In so doing, he landed Australian cricket with a dimension in which English cricket seems to rejoice, whatever results it brings them.

Perversely, the belief that a natural leader should be captain, however bad his play, can sometimes be strengthened by that leader's playing failures because they add to the feeling that he must have some extraordinary strategic value to contribute. Otherwise he would surely not have been chosen for the job.

Captaincy is a secret weapon against teams badly weakened by the divisions caused by Kerry Packer's attempts at reorganising cricket. But English people liked him because, as he put it: "I have always found the tactical aspects of the game as intriguing and fulfilling as batting." He revelled in captaincy as an art, a science and a game of wits.

It is true that he led England against teams badly weakened by the divisions caused by Kerry Packer's attempts at reorganising cricket. But English people liked him because, as he put it: "I have always found the tactical aspects of the game as intriguing and fulfilling as batting." He revelled in captaincy as an art, a science and a game of wits.



Mark Taylor: would have preferred a duck and a victory

That has never been an attractive proposition to Australians, who would rather make wily captaincy unnecessary simply by playing better than their opponents.

England's weakness in the last few years has loaded Atherton with the need to conjure up a captain's aura and get his team to score runs – burdens with which he has never looked comfortable.

Australia's strength has loaded Taylor merely with the need to score his own runs, but that was a heavy enough burden to leave him noticeably relieved with his fine innings at Edgbaston.

Even so, nothing suits a captain better than winning, whatever philosophy he has inherited, and Taylor said after the match, through his smile: "I would prefer to get caught and win the game rather than 100 and lose."



# How to Spend It



□ Clockwise from far left: Silver grey Prince of Wales neck single-breasted jacket in wool-blend crepe, £175, and matching pleat-top tapered trousers, £85, by Artigiano (01983-53381). Pale lilac silk/cashmere V-neck cardigan, £150, from Cashmere Design (0171-240 3652). Oyster crushed velvet tunic shirt with deep cuffs and three buttons, £199, by Kingshill Own Label, from the autumn collection. Lightweight indigo cotton apron dress, £30, for pale blue sleeveless, crewneck cotton sweater, £18, from Racing Green (0345-331177). Ballet wrap cashmere cardigan in turquoise, £18, by Brora (0171-352 3697). Cream tunic top in viscose/cupro, with shiru collar and deep side vents, £198, and matching flat front palazzo pants, £130, by Paddy Campbell, from Kingshill (01494-890555). Gold clip-on earring, £22, by Agatha (0171-495 2779). White linen short-sleeved overshirt with pockets, £58, and matching drawstring waist shorts, £55, by Boden (0181-453 1536).

Pictures: Wendy Carrig  
Styling: Belinda Morris  
Hair and make-up: Patrick Swan at Stuart Watts

## Fashion

# Up hill, down dale and upmarket

Nowadays, the postman can bring desirable goodies, says Belinda Morris

Shopping by mail order – did you think it was for the Crimplene-wearing financially challenged? Think again. Today's postal consumer may well be harbouring a gold card in her Prada bag. As the image and nature of mail order has undergone certain changes, so must any preconceived notions of the typical home shopper. But what kind of woman with £500 to spend on a new suit would choose to do so through the post? A woman who lives in Orkney perhaps? A woman with a

pathological fear of sales assistants? A woman who bought the same suit, in the same colour, last season and the season before?

Until relatively recently, the home shopping market had not enjoyed the best of reputations. No faults with the concept, but its connotations have always been questionable for those with an eye on their social standing. Buying from a catalogue – goods on tick – was tantamount to admitting to a financial insecurity bordering on destitution.

That was so in the UK until about 10 years ago. In

the US, the consumer had already decided there was no disgrace in home shopping and gradually the message began to filter across the Atlantic.

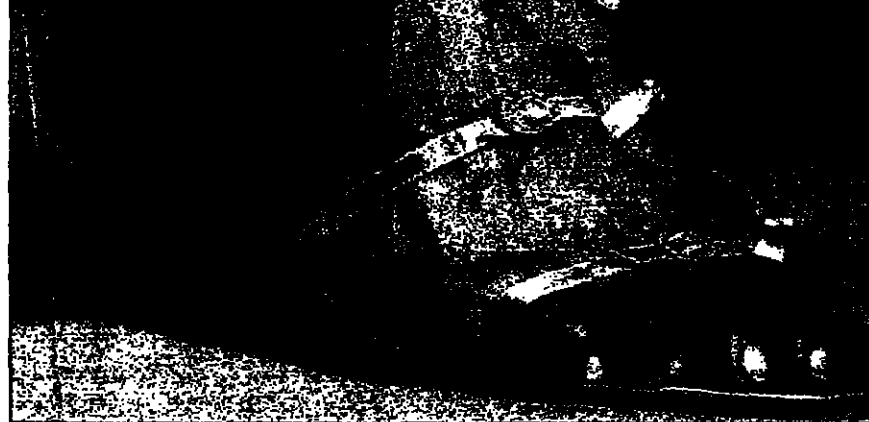
It was all a question of niche marketing. When the first Next Directory dropped through letterboxes in 1988, the difference between it and the weighty tomes from the agency catalogues were obvious. Apart from a more manageable size and better quality paper, here were clothes that its customers were longing to get. This was targeted selling to a typical Next customer, with the editorial twist of a really attractive catalogue.

Compared with the giant agencies – GUS, Empire Stores, Kays and Freemans – the niche catalogues such as Next and its followers Racing Green, Kingshill, Boden and Artigiano, are still small fry. But while business for the big boys is static, these specialist, more upmarket companies are growing.

For proof of this expansion, we need only look at Racing Green, a mail order company launched in 1992 by independent retailer David Krantz after he sold his Blazer menswear shops at the end of the 1980s.

Thanks to Krantz's conviction that the UK needed a collection of well-made casual basics, of the sort sold by Banana Republic in the US, and that most ABCI consumers would relate to pictures of real-looking people, the catalogue was a resounding success from the start.

Then, in October 1996,



Strappagold leather mules with diamond buckles, £195, by Gina from Kingshill (01494-890555)

Krantz sold Racing Green to the Bton Group for £19m. Like Krantz, Johnny Boden was inspired by what he had seen on visits to the US, in particular the success of mail-order businesses there. "Despite people telling me I was mad, I knew I could make it work over here," he says. He was right. "From standing start in 1992 we saw mail over 65,000 customer have doubled our sales year on year and now have an annual turnover of £10m."

He beat the idea of the Boden catalogue on the premise that he was not the only person who had difficulty finding a pair of properly fitting trousers or the perfect polo shirt. A fundamental interest in clothes, plus a strong 1970s or 1980s junior malfashion editor for Harpers & Queen were the only qualifications he had for the job.

The same lesson for fashion, and a well-honed business sense, was also the

driving force behind Patricia Davidson's decision to launch the designer label catalogue Kingshill. It began with a charity fashion show that she and her husband Andrew staged in 1991.

The Davidsons and a designer were musing about the absence of mail order in the fashion design world. From there it was a short step to thinking that perhaps there was a possible route through the fashion industry's leaner times. "I'll make the clothes, you market them," said the designer. Davidson took up the challenge and from a 2,000-strong database Kingshill now mails more than 90,000.

But, as Boden would confirm, running a mail order business is not necessarily a licence to print money. "It's an industry littered with casualties because it costs a lot to produce catalogues and to distribute," he says, "and it's a hard formula to

get right." Kingshill's initial three designers (Caroline Charles, Amanda Wakeley and Paul Costelloe) grew to 37, a number which finally proved unworkable. Some drastic downscaling was in order. Today the figure is a more manageable 17 and includes only those companies that Davidson knows she can depend on.

It is, however, the kudos of those labels that is one of the main keys to Kingshill's success. The first three names carried were, and still are, trusted labels. Other remaining stalwarts include equally dependable names such as Betty Jackson, Jasper Courran and Mulberry and, more recently, a smattering of international names such as Louis Feraud and Georges Rech. A Jean Muir jacket may cost well over £400 but "we still sell an amazing number of them, because our customers know the product and they know

it's the real thing".

Kingshill learned its lesson when it came to presentation. The original 12-page desk-top published brochure, cold-mailed to 45,000 people, resulted in four orders. Today, the hard-backed glossy catalogue, shot by society photographers such as Litchfield and Swannell, is about as different from its agency sisters as it's possible to be.

One thing most of the niche catalogues have in common, aside from a customer who is typically too busy working/being a parent/better things to do on a Saturday than trawl Bond Street, are collections that might be described as safe, if not actually classic.

Claire Locke, an economics graduate with 10 years' experience of working with Italian manufacturers, is now into her fifth season with Artigiano. "I started this business because, after I had my two children, I saw that my priorities changed. I still wanted fashionable clothes but I no longer felt like paying £600 to £1,000 for a suit – something like £300 seemed much more like it but good quality at this price was hard to find."

"By getting my clothes made in Italy, using high-quality fabrics and putting on lower mark-ups than the big retailers have to put on, I can deliver very good quality at a good price."

She, too, seems to have found a market niche – turnover has doubled annually for five years and this year will be about £2m. "My customers are over 35," she explains, "and they like updated classics; but they don't want to change their wardrobes every season."

Way-out fashion in a catalogue would make little sense, of course. "There's no getting away from the fact that return goods can be a nightmare for the customer and they any company to take me they've cracked the problem," says Boden.

Davidson puts out that clothes seen on the catwalk don't always reflect what she sees on the rails, and that it is important to select the easy, flatter pieces. If you want a little backless, frontless nudes that also reveals the curve of your knickers, it is a best to go to a shop.

It would also be best to look along the high street, suggests Boden. "You need to experience the 'sex in shopping'. Catalogues don't come with thrills music and a sales assistant who will flatter you to making a purchase. We most of these catalogues do come with, however, and this, according to Boden, is where he has scored lots of information about the product.

Locke is content to offer the best possible service to those she describes as "displaced shoppers" – many women whose favorite little boutiques have disappeared in the recession. Meanwhile, Davidson plans to launch her own collection of simple, furious pieces at slightly lower prices for the autumn – an unthinkable step 5 years' ago.

■ All the catalogues mentioned are available free. Kingshill is free to the UK but charges £5 to deliver in continental Europe and £10 outside Europe.

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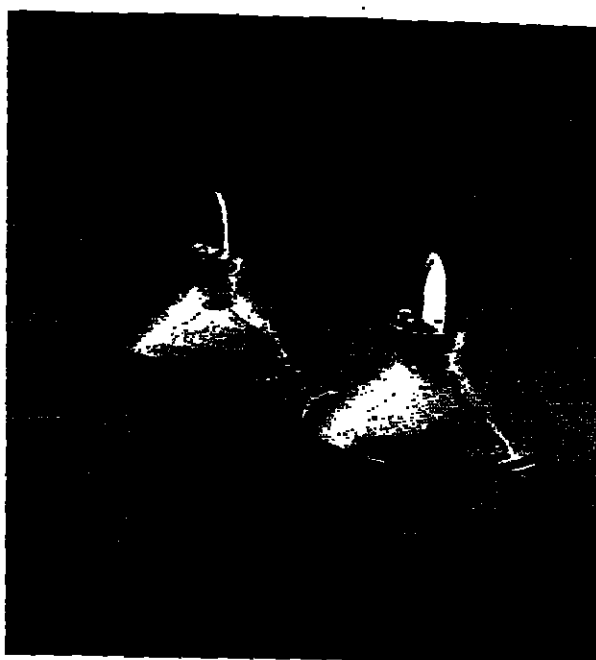
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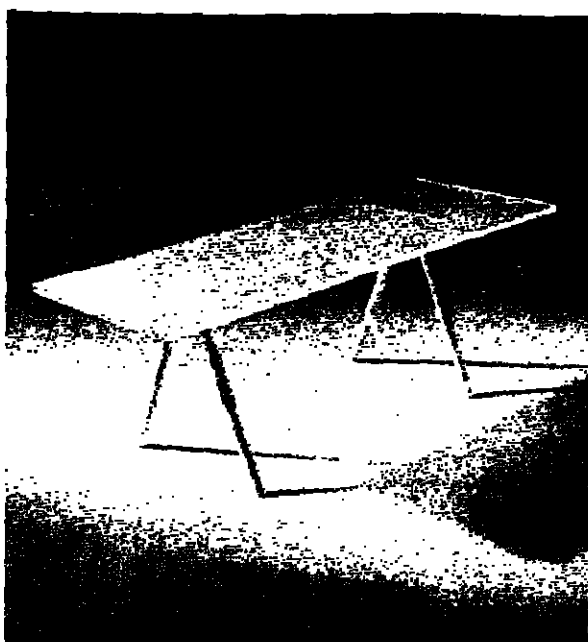
27/11/97



## HOW TO SPEND IT



Silver salt and pepper mills (£2542 and £4932) by William Warren at Asprey



Frosted glass trestle table with metal tubes, by Christopher Howker, Royal College of Art



Curvaceous blown glass vases in brilliant colours by Wendy Hooper at Thomas Goode which, together with Asprey, is holding a simultaneous exhibition to that at the RCA. The vases cost £30-£130 to order

## It's show time for students

New arts talent is making an impression, says Lucia van der Post

If it's student show time - time to see what the young ones are up to - then it must be June. It's the time of year when most of the best arts schools and colleges open their doors to the public and give us a glimpse of what has been going on in the studios and workshops.

Most interest tends to focus on the Royal College of Art in London, as it is the only graduate college and therefore a filter for the best student talent. But almost all the art schools produce lively shows and increasingly offer fine art as well as applied art for sale and viewing.

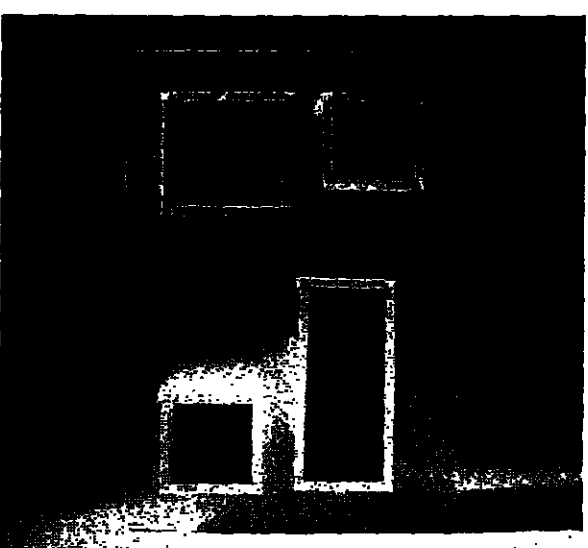
Those who have an art school near them should make a point of visiting the shows as they provide a heart-warming lift to the eye and spirit. The Royal College, however, grabs most of the attention and its shows are regularly visited by talent scouts from the graphics world, as well as those from the art collecting world (most notably Charles Saatchi, who seems to love nothing better than catching the young and undiscovered), fashion houses (most of Europe's design ateliers have several ex-Royal College students), jewellers, ceramic and glass designers, and big industrial conglomerates looking for fresh ideas and new blood.

Though this year's shows are as lively and interesting as ever (most of the work is either for sale as it is, or

similar pieces can be commissioned from the students, who are usually hungry for work and money), an interesting new development is under way. Two of London's most prominent and luxurious shops, Asprey and Thomas Goode, have decided to look to where the future lies and are holding simultaneous exhibitions of some of the students' work.

Given that both stores have on the whole been more associated with traditional upper-class taste than avant-garde experimentation, this speaks volumes about the directions they intend to take. It also shows they are keenly aware that the most cutting-edge stores, from Joseph (who as long as eight years ago dotted avant-garde furniture, jewellery glass and ceramics among the frocks) to Nicole Farhi and Donna Karan, give life and individuality to their selling space by adding one-off, individual crafts and works of art.

At Thomas Goode, from June 18 to 30, every student from the Royal College's glass and ceramics department will have at least one design on show and many will have several. Few of the exhibition pieces will be for immediate sale but similar designs can be commissioned on the spot. Student work no longer means cheap - prices will range from £45 to £250 for small perfume bottles or wine glasses or small vases, but for some of the big, one-off display pieces



Storage unit made from acrylic sheet with sprayed MDF board designed as a room partition by Milla Vjestica at the RCA

the prices will be as high as £1,000 and more.

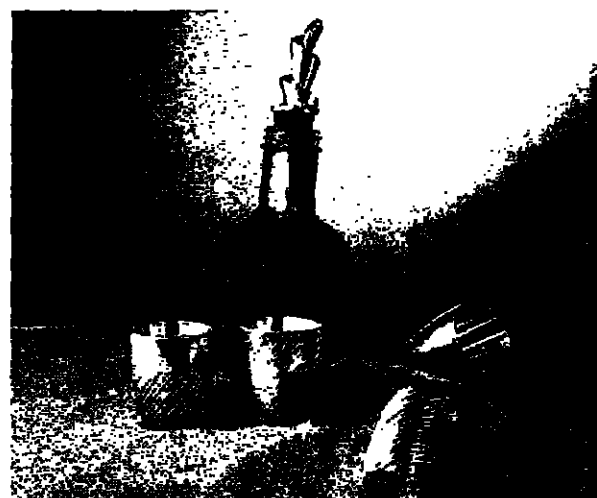
For Thomas Goode this is something of an exciting innovation. Though some modern pieces have always sat alongside the big establishment names of the world of tableware, the impression has almost overwhelmingly been one of grand country-house style. Giving floor space to some of the students' work is seen as a way of introducing our customers to very contemporary work and to some very interesting pieces. After all, the students are our future and so we want to support them, which will bring even more of a cutting-edge to the store.

At Asprey, the idea for showing some of the students' work came from the antiques department. The store has been aware for some time that it needed to freshen up its products and its image, and much serious thought and work is going on behind the scenes to address the problems - commissioning fine silversmiths to produce new works specially for the silverware department is just one of the steps it has taken.

It has also asked eight first-year students from the Royal College to contribute some of their own works, which will bring even more of a cutting-edge to the store.



Asymmetrical frosted glass beaker by Tristan Butterfield at the Royal College of Art



Silver drinking beakers (£365 each) and spiral pourer (£345) by Daniel Warren on show at Asprey

The students involved are engaged in a long-term Royal College project, New Domestic Silver, which is aimed at encouraging students to use precious metals for innovative design for domestic silver. The brief to the silversmiths was that all the pieces should be usable (that is, no fancy ornaments but beautifully wrought, eminently practical bowls,

vases, candlesticks and the like). Given the rather dire pieces, the melancholy candlesticks and over-elaborate ornaments found in most high street silversmiths, it would be hard to overestimate the importance of this initiative.

Then we come to the Royal College of Art itself. Though the sculpture and bronze casting show (at 15-25

Howie Street, Battersea, London SW11) and the fine and applied arts show (Darwin Building, Kensington Gore, London SW7) have been and gone, the fashion department has had its grand show at The Roundhouse in Camden, work from the design, communications and humanities departments (covering architecture and interiors, furniture, industrial design, graphic design, film and television and lots more) can be seen at the Darwin Building from June 19 to 30.

■ Royal College of Art, Kensington Gore, London SW7 2EU. Asprey, 165-169 New Bond Street, London W1Y 0AR. Thomas Goode, 19 South Audley Street, London W1Y 6BN.

## Throwing light on design

Lucia van der Post reports on an out-take from the Milan Furniture Fair

The Milan Furniture Fair is to the furniture industry what the Paris shows are to fashion - not only a showplace for the weird, wonderful, whacky and breathtakingly beautiful, it is also the place where designers and journalists gather to see what's new and coming and to exchange industry gossip.

Most years one of the highlights has been the big exhibition staged by two designers of international repute whose work, strangely enough, is difficult to see. This year, the two designers, British furniture designer Ron Arad and German lighting wizard Ingo Maurer, have got together and are putting on a show in London of some 100 of their pieces.

Ingo Maurer and Ron Arad, the one as renowned for his innovative and avant-garde lighting as the other is for his groundbreaking furniture, seem to have developed some kind of symbiotic friendship. As Arad puts it: "I claim the earth and he claims the sky and it seems to work."

Arad's contribution will consist mainly of an exploration of one design - a chair. If that sounds dull, let me assure you that it isn't. This chair has a widely curving back with a hole in the middle of it (see it photographed below).

The shape is then explored and developed in a series of different materials - it comes least expensively when it is made from vacuum-formed aluminium, a technique mainly used for making aeroplanes, and costs £300. (Arad fans will know that that is about the cheapest thing ever to have come out of his studio, and that his pieces sell for thousands of pounds in auction rooms round the world.)

You have to approach an Arad design as something of an icon and this may make it less painful to pay the bill.

The chair can also be made by hand in glassfibre, carbon-fibre and spun aluminium. But Vitra, the chair specialists, will be making another version of the same chair which will sell for about £200.

Though the chairs are designed to stack, they are aimed at the domestic market and will clearly become the dining-chair that defines the late 1990s.

Arad suggests buying two - say, one for the kitchen and one for the dining-room - and then, come party-time, or an occasion when you want to give a big dinner-party, a very lightweight (12kg) carbon-fibre and paper top, measuring 6 metres long by 2 metres wide, is laid across the two tables.

You can then seat between 20 and 30 people, depending on the chairs used. The portable table-top is designed to hang on the wall when not in use (as Arad points out helpfully, "it saves on buying pictures").

tables are £5,800 while the lightweight tops in varying sizes are from £3,450 to £15,500 (it seems carbon-fibre is more expensive than most precious metals).

Shown at the same time are Ingo Maurer's show-stopping lights - lights which few of us have seen. They range from the (relatively) inexpensive desk light with

lamp tea infuser for £290 and a little bulb with wing and white feathers, Lucellino, for £280, to one-off, sculptural pieces costing thousands.

■ The exhibition will be at 62 Chalk Farm Road, London NW1 from June 15 to July 4 (Monday to Friday, 11am-6pm; Saturday and Sunday from 12pm to 5pm).

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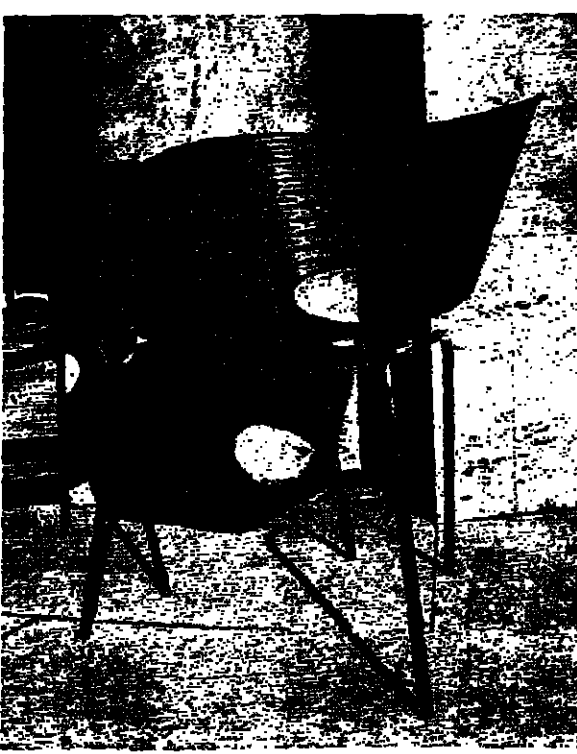
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Ingo Maurer's Hearts Attack light has a scattering of 48 searing scarlet plastic hearts and mirrors, each with an internal 12-volt light bulb. Special order only



Ron Arad's Pic chairs - a small series of 20 hand-made and unique chairs in fibreglass and polyester



Ron Arad's Carbo-Tom, an extra wide stacking chair with a polished stainless steel frame - a limited edition of 100 pieces



## PROPERTY: FOCUS ON WEST LONDON



## A world apart in the west

Gerald Cadogan continues his Thames river trip, heading upstream from Westminster Bridge

The river Thames gradually changes character as you voyage upstream. At Westminster it is an imposing watercourse, lined with public buildings - Parliament, the Tate Gallery, and Sir Christopher Wren's Chelsea Hospital (almshouse) for veterans to the north; County Hall, St Thomas's Hospital, and Lambeth Palace (base for the Archbishop of Canterbury) to the south. After Wandsworth Bridge the scene changes. Hurlingham is the first of many parks and gardens that come down to the river's edge. Fringes of drooping willows lean over the bank and brush the foreshore.

Glimpses through the trees of the columns on the big house, now the Hurlingham Club, are the beginning of a slow goodbye to London. Thereafter, all the way to the Cotswolds, riverside country houses - Hurlingham was in the country when it was built in 1760 - enrich the view from the water.

Every spring, the four miles of Thames between Putney and Mortlake appear on television as the course of the Oxford and Cambridge Boat Race. Here, the river is wide and its banks relatively bare: it is easy to see how bleak it can turn in the squalls of March.

At Chiswick, on the long "Surrey bend", the first eye, or at, appears. Both spellings are correct for the long, narrow banks of sand and shingle that form small islands in the river. It is an old English word which people have been using for these Thames islands



for more than 1,000 years.

Above Chiswick, the banks and the aits are crowded with fish-eating birds - the best possible proof that environmental measures to clean up the river are working. Returning fish include salmon and 114 other species, says the Environment Agency, and herons, cormorants, grebes and other birds have come to west London over the last five years to feed on them.

The first cormorant I saw on my river trip was at Wandsworth Bridge. The nature reserve on Isleworth Ait was crammed with herons, waiting like sticks in the water until their lunch swam past. One sat in a willow, motionless.

As far up as Teddington, where the tidal estuary finishes, the fry (baby fish) of flounder, sea bass and smelt are now being found, notes Steve Colclough, Area Fisheries Officer with the Environment Agency. They come in from the North Sea to the lower Thames estuary and use the river as a big new nursery ground because of its good clean gravel, he says.

Constricting the river by building on the foreshore (as developers often want to do) will damage this great environmental success - and lead to flooding and sewage pollution by turning the river and its floodplain into a lifeless "scour and flow" channel. In London, the

Thames has little free space to spill on to, and the gravel foreshore is vital.

Boat trips leave Westminster Pier three times a day, taking two or three hours to reach Richmond, depending on the tide and how long it takes to pass the semi-tidal Richmond Lock (the first one meets going upstream). It is a dreamy journey on the Richmond stretch, and an ideal way to take a picnic to Kew Gardens.

Helped by the incoming tide, mine was a fast trip. As we left Westminster Pier, the tide was so brisk that the helmsman took the boat a long way downstream before turning, in case the force of the water pushed us in to Westminster Bridge.

Looking up from the boat, we gazed on the statue of Queen Boadicea on the Thames Embankment, symbolically protecting Britain, parliament, and now the Jubilee Line extension from foreign tyranny.

It is a pity she is in the wrong spot. She would do better on the north side of London Bridge, to commemorate her destruction of the Roman conquerors' new city called Londinium. Archaeology suggests that she stopped right there, and did not cross over to sack Southwark as well.

Parliament made a glorious sight, as we emerged from under Westminster Bridge, with its striped awnings, half green and

white, half red and white, on the terrace above the river. Even here the buildings and wharves do not crowd the Thames as they do between the City and Southwark, where the river flows almost through a canyon.

As the boat chugs upstream on its river idyll, the tide seems to lose its grip. Gardens and willows appear, hills and houseboats perch on the foreshore, and the original riverside villages - names such as Isleworth - come into view as far-off clusters of houses around an old church with, usually, a bridge and a pub. Many houses show their backs to the water.

Now and again the helmsman sounds a deep hoot on the horn, a warning to a rowing eight, or four, or single scull, racing backwards towards our bow. The writer George Eliot, who used to live on the river, wrote of her eponymous hero Daniel Deronda: "His old love of boating had revived... because he could nowhere else get the same still seclusion which the river gave him. He had a boat of his own at Putney."

At Richmond, the grass slopes and stone steps lining the river bring to mind the harsher riverside of the Ganges at Varanasi. I had not made a two-hour journey from central London - but two days, even two weeks. The Thames in west London is a world apart.

It is a miracle there is still so much green space and so many trees on the river, and also "inland", in the parks and commons one sees from the elevated District Line railway returning to central London.



The view from Sussex House, price £1.35m

## On the market

New on the market is a grand early Georgian house, listed grade II\*, on Upper Mall, W6, in Chiswick. Sussex House is very close to the river, near the apex of the long "Surrey bend" of the Oxford and Cambridge Boat Race (the apex belongs to the famous Dove pub). The entrance is through a door in the garden wall and upstairs there are views of the river. For £1.35m from Savills (0171-824 9016).

An alternative smart address at the east end of the Westminster-Richmond stretch is Regalian's Peninsula Heights conversion on the Albert Embankment, Vauxhall, SE1. It is an office block on a bend in the river, with stunning views upstream and downstream. The last three flats for sale are priced between £480,000 and £630,000 through Beane Pearce (0171-589 1333) or Cluttons (0171-824 8822).

Next to Battersea church, The Montevetro, SW11, is a dramatic new scheme on the river, glazed from floor to ceiling to catch every conceivable view, and designed by the Richard Rogers Partnership for Taylor Woodrow.

Beane Pearce has already sold 80 per cent of the units off-plan, mostly to UK buyers.

Another new scheme on the south side is Harrods' depository, SW13, a landmark with a grandiose facade in deep red brick to match the store in Knightsbridge, which Berkeley Homes and Harrods will convert into luxury flats.

Among other riverside schemes, which should provide good views looking out over the Thames, Beane Pearce offers flats in Albert Bridge House, SW11, priced between £495,000 and £2m, and at Richmond Bridge from £162,750 upwards.

Several agents, including Aylesford (0171-351 2353) and Hamptons (0171-384 1001), are selling flats in the Regent on the River, SW6, scheme on the north bank.

But my choice would be a one-bedroom third-floor flat in Embankment Gardens, SW3, a mansion block that looks over the river and the grounds of the Royal Hospital, John D Wood (0171-352 1484) asks £239,000 for a long lease.

Gerald Cadogan

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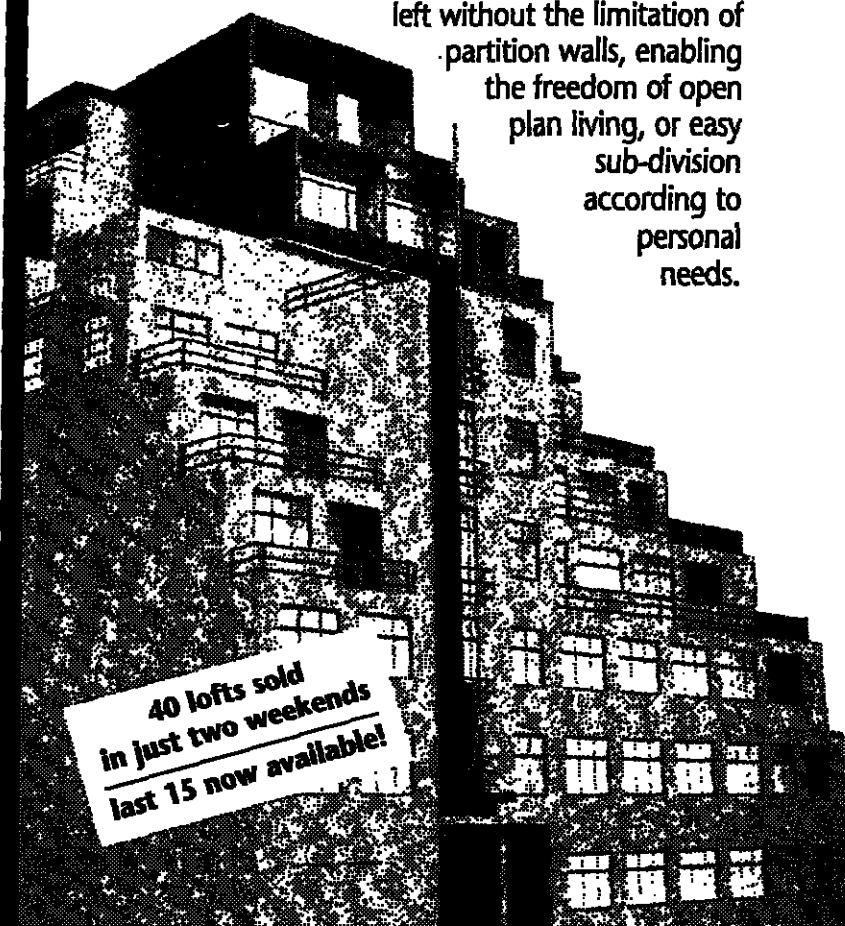
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## PROPERTY: FOCUS ON WEST LONDON



# Sloanes' old haunt is now a prime location

Anne Spackman looks at a part of west London that has gone from good to better

According to that bible of 1980s social etiquette, the Sloane Ranger. Hand-places to live in London 10 years ago were SW3, SW1, SW7, SW10, SW6 and SW5 "in that order".

Fulham (SW6) was the place for those who aspired to, but could not afford, Knightsbridge, Kensington and Chelsea. Its social hub was The White Horse pub on Parsons Green, then known as the Sloane Pony.

In property terms, Fulham epitomised the Sloane movement. Small flats in converted Victorian cottages were turned into mini-country houses, with frilled pelmets and chintz curtains at every window.

There are still a few ruffled blinds to be found in the drawing rooms of Fulham, but the area has grown up. The generation of youngsters who aspired to the country-house look have either graduated to a family house or rejoined their former neighbours in the new Sloane enclave across the river Thames in Wandsworth.

Meanwhile, the new generation of 20-somethings has started casting an eye at some of the 1980s' trendier

locations. Some have moved south to developments such as Sapote's lofts schemes in Battersea and Kennington. Others have gone east.

On the south side of Tower Bridge, around Butler's Wharf, some first and second-time buyers who would previously have bought period properties in west London are buying modern flats in new developments such as Jacob's Island. They are rejecting small rooms

## Two things make Fulham families sell up: the gardens and parking

and parking problems in a traditional residential west London neighbourhood for big spaces and river views in an urban location.

Peter Sloane of Knight Frank in Docklands says they generally want the converted warehouse look rather than something brand new. "They feel more comfortable with some quaintness - a few cobbles and old buildings," he says.

"Wapping is popular and

Butler's Wharf has the added attraction of Conran's restaurants on the river. The international set are more likely to go for the modern buildings on the Isle of Dogs."

One English woman who has made the bold transition from Chelsea to Docklands is Anne Tatham. Aged 70, she is not a typical Docklands resident. But she was lured east by the same attractions as the youngsters.

"I have lived abroad for much of my life because my husband was an airline pilot. When I was widowed 10 years ago I expected to spend the rest of my days in Kensington and Chelsea. A wonderful friend said, if you are going to spend your life looking out of the window, you might as well be looking at the River Thames."

"I was living in Chelsea at the time. I had to pay £3,000 a year in garaging costs in order to avoid having my car vandalised on the King's Road. I sold my one-bedroom flat immediately and bought a two-bedroom flat with a porter and parking for far less money."

"Here you have space and newness. It's quite fabulous. Life on the river never stops. There is 24-hour portage and it is tremendously secure."



The 'Sloane Pony', Parsons Green: social hub of the aspiring young in the 1980s

"When I told my daughter, who spent two years in the jungle in Brazil, that I was going to live in Docklands, she said 'you can't possibly do that'. None of my friends knew where it was. Now several of them say they could live here. I say - what's stopping you?"

Back in Fulham there is still a buoyant flat scene, but the area has become too expensive for many young people. Those who still prefer west London are moving across the river to Battersea and Clapham. Their places are being taken by more overseas buyers.

Lindsay Cuthill of Savills in Fulham has sold houses to three sets of Spanish bankers this year. Matthew Harrop, of John D Wood, has sold to French and Italian families moving in to the Peterborough Estate, Fulham's most desirable neighbourhood.

Two years ago, family

houses there were selling for around £400,000. Today, the price is likely to be nearer £650,000 and more than £800,000 for the very largest and best.

Cuthill says Fulham has changed from being a reluctant move for those who could not afford Chelsea to being a destination of choice.

"Fulham has become much smarter. The restaurants and shops are much better and two new private schools have come in. "The Peterborough Estate is a phenomenon on its own. Two years ago I would have had more than 30 houses on the market at any one time. Now, in 10 streets with 70 houses in each, there is hardly anything for sale."

Two problems do make Fulham families sell up: one is the size of the gardens. Eighty per cent of Savills' buyers arrive with one small baby and leave five years later with two children,

either for Wandsworth or the country.

The other problem is parking. The local authority has introduced a residents' parking scheme to stop people parking in streets near the underground stations all day. "The scheme has made a tremendous difference during the day," says Matthew Harrop, "but at night things are still pretty difficult."

One project currently under construction may offer a property solution to those who do not want to leave their Fulham friends behind, but who crave a loft rather than a small terraced house. Try Homes are converting the Piper building on the river in Fulham into large loft apartments.

For those who can live with its concrete construction and a longish walk to the underground station, it makes a property fashion statement without the need to boldly go to Docklands.

## On the Move / Gerald Cadogan A castle with a lot to offer

A castle super-sale in Scotland is under way with Taymouth Castle, at the mouth of Loch Tay in Perthshire, on the market. Taymouth used to be the centre of the 500,000-acre holding of the Campbells of Breadalbane. Today, its domain has shrunk to 450 acres. But it still offers spectacular Victorian Gothic architecture; trout fishing; a good golf course; many estate houses; and most of Kenmore village.

Knight Frank (0131-225 8171) asks for offers above £5.5m.

### Henry VIII link

Temple Manor at Upton Scudamore, near Warrington in Cheshire, and on the edge of the British Army's Salisbury Plain Training Area, is a tall, striking house that now boasts a jacuzzi. It has three acres of land.

Carter Jonas (01672 514545) suggests a price between £800,000 and £1m for a house that once belonged to Catherine Parr, the last wife of Henry VIII.

### Garden access

The Elizabethan Barrington Court in Somerset was the first country house to go to the National Trust, in 1907. Today, it is open to the public and has a splendid garden.

Next to the Court is The Strode House, a slightly

later building set around a courtyard or quad, which the trust has refurbished and offers for let on 10-year tenancies, with a rent between £8,000 and £10,000 a year. Tenants will enjoy free access to the gardens of the Court without the responsibility of upkeep, and have a private garden and tennis court, a garage and dog kennels. The agent is Michael de Pelet (01935-812336).

### Fit for palms

Between Exmouth and Newton Abbot in Devon, a former palm house is for sale at Mamhead, with part of the walled garden of Mamhead House.

The Palm House, listed grade II, still has its tall south-facing arched windows, installed to help the palms imagine they were in the tropics, but is now a three storey building with four bedrooms. The price from Jackson-Stops (01382-214222) is £240,000.

### Gothic house

In Highgate, a defiantly Gothic house of 1879 is for sale in Broadlands Road, N6, for £1m from Goldschmidt & Howland (0171-435 4044) or Keith Cardale Groves (0181-341 6668).

The house is now split, with the front part let on a 21-year lease. But the freehold of the whole house is for sale, which means it can all be reunited eventually.

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## Spires and Spirits

# Unchanged essence of a nation

Adam Hopkins returns to Winchester, scene of his boyhood education, and is pleasantly surprised

I did not need a pop song to tell me about Winchester Cathedral. I spent my teenage years in its deep shadow and this, for me, remains the cathedral, the essence of the medieval matter.

What should I care that the tower is stumpy, and the dull exterior too long for its height, like an unwieldy barn? The close is glorious, tender with lawn and ancient buildings, wisteria abundant over medieval gateways.

The cathedral interior is even more evocative - that long nave eloquent in perpendicular, the Norman transepts chunky, almost chubby, the steps up to the retrochoir worn down by pilgrims to the tomb of St Swithun, once tucked round behind, the monuments to Jane Austen and Isaac Walton suggesting an English peace and plenty, and the four chantry chapels, sweeping floor to ceiling - three of them at least - firmly in place to make you think of death, and masses for the dead, intended to be said or sung in perpetuity.

All that was in the bag before I went. Nothing could have altered it, although one small effort has been made via the icy-looking refurbish-

ment of the west front. But what I dreaded most was that the city where I went (reluctantly) to boarding school and to which I have (until now) declined to return, would in the meantime have developed a bad case of the Cotswolds. Would Winchester be twee?

The weight of tourist literature, the number of commuter trains, the high house prices all suggested that it might be.

Luckily, my first encounter was with a group of winos. They sat with their dogs in a ring in the cathedral close, one or other occasionally rising to declaim, with oaths to make your hair curl, on this or that particular issue dividing them.

Nothing could have seemed more real, or more contemporary. Reality was ready to break out as well, even in the pedestrianised high street. It is true that the butchers' shops and small tobacconists have gone (some to the City Museum, straight from utility to heritage) and have been, by and large, replaced by smart little clothes shops and delicatessens, by banks and building societies. That, I suppose, is normal for a country which has failed to preserve its ancient city centres half so well as Spain or Italy.

But although there are certainly some tourists dawdling here among the shops in springtime - me for one - and a mass, apparently, in summer, real people on real business still stride up and down with purpose.

And well they might. For the Winchester I visited with such angst and perturbation, turning hour by hour to pleasure, even to delight, remains a proper place. It is not merely - as it always was - the focus of the Hampshire gentry, but a little city with county council offices and important law courts.

The military retain a presence; my own Winchester College still exists, quite busily, it seems, with chapel, cloisters, courtyards, cricket pitches bordered by

immense trees (much of it open to guided visits, and with public access to many of the sports fields).

There are other schools, an art college, a university institution. Thank goodness for all that and for a few rough edges that survive among domestic buildings. No time, you feel, to manicure it all in the manner of Bourton-on-the-Water.

There is, of course, a Little England version of Winchester. This stars King Alfred, who lived locally, and the Great Hall (a big draw for visitors, thanks to King Arthur's Table, a medieval fake affixed to an end wall). Keats is part of it; he wrote the *Ode to Autumn* there,

after walking in the water meadows, meantime surveying the stubble on the hills around. And the new cathedral refectory serves only British food: "That's the dean and chapter's vision of Winchester," said a helpful volunteer on the cash desk. This Englishry may well be what foreign tourists

come for. But the deeper in you go, the more forcefully the alternative, international Winchester will strike you, what with Romans and Normans aplenty and pilgrims from France to visit the relics of St Swithun (he was a bishop of Winchester and his only miracle during his lifetime was to mend

some broken eggs; subsequently, he accomplished a great many more reversals of the natural order).

Even more important, although I speak as an agnostic, was that over-arching medieval version of the European Union expressed through an all-embracing Roman Catholicism. Henry

VIII spoiled it for Winchester when he destroyed the shrine of St Swithun in 1538. Philip of Spain tried to repair the damage by marrying our very own Bloody Mary here in the cathedral - fat lot of good it did them, or anybody else. But at least the international theme was struck again. You can find it

also, if you care to, in imperial form, among the battle honours in the city's multiple military museums.

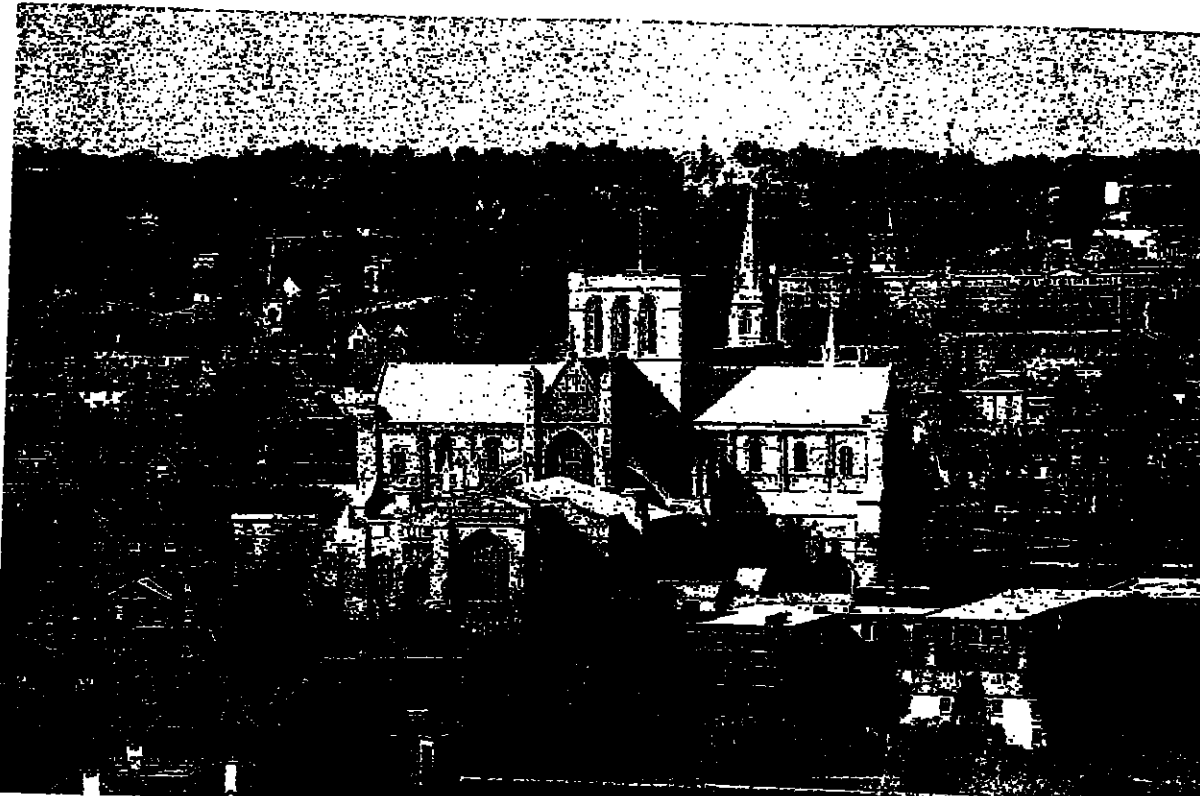
As for my own experience, Iraqi friends invited me to lunch, in Baghdad style, on the day of my arrival. My waitress in the Royal Hotel was Basque, the manager of the Guildhall Tavern (excellent steak and kidney pies, with proper suet) comes from distant Nottingham.

I liked all that and was pleased to discover that the city is planning a grand set of international seminars for the millennium, to express exactly this view of itself. But I have to admit that my best bit of all tended towards the Little England version.

It took the form of a final stroll through Keats's water-meadows, past the college playing fields (memories of cornflowers in our laps on the day of the Eton cricket match), moorhens bobbing, ducks ducking, willows and watery all-sorts coming into leaf in every shade of green, and finally the grand old almshouse-hospital of St Cross with its huge and splendid, mostly Norman church.

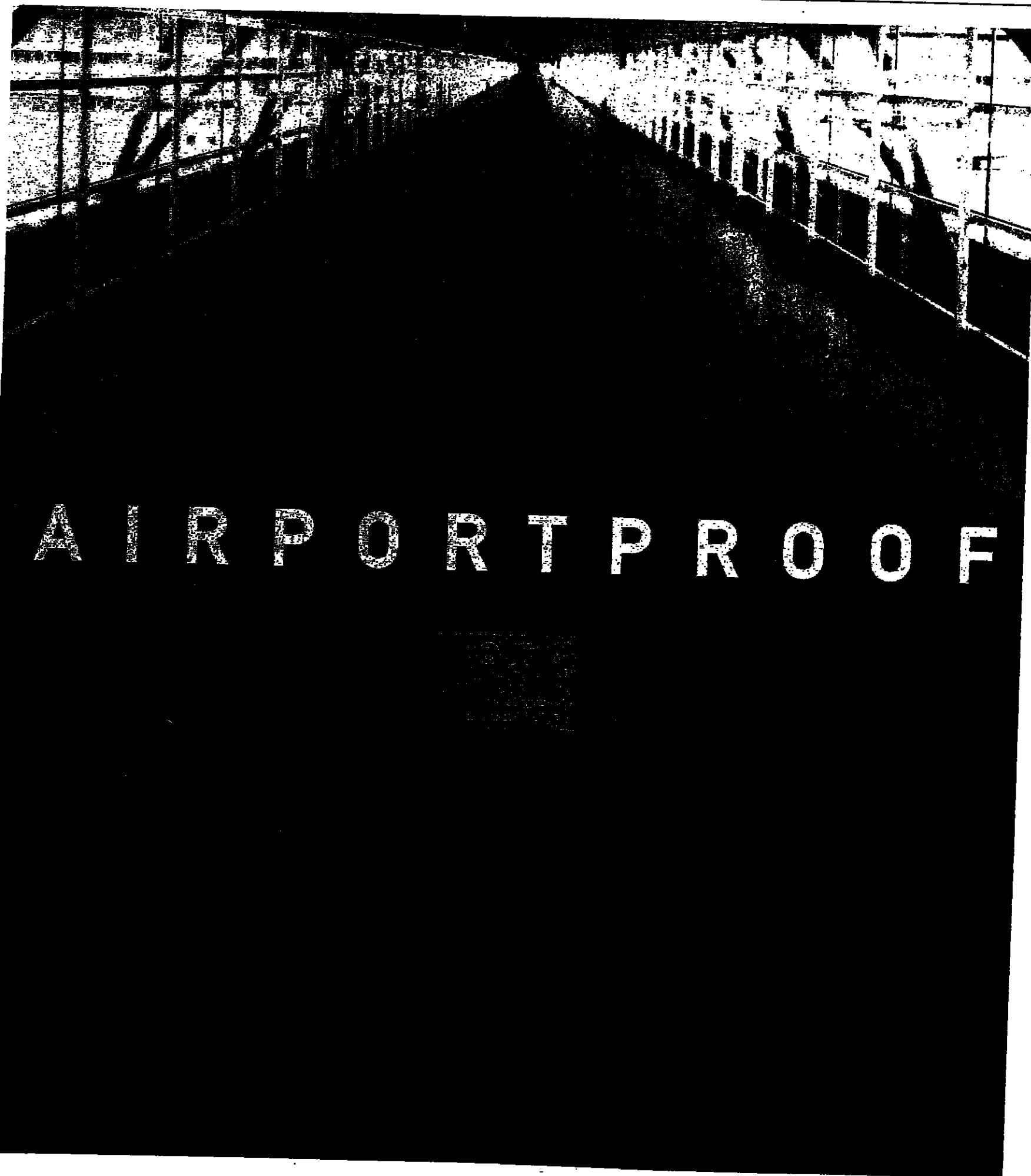
"Have things changed much?" I asked the gatekeeper, accepting my way-farer's dole of bread and beer.

"Not much," he said. "Not so you'd notice. Not in 800 years."



Winchester cathedral: 'The deeper you go, the more forcefully alternative Winchester will strike you'

Robert Harding Picture Library



## Information

□ The Royal is an old-style city hotel (tel. 01962-649640), where a double room costs £223. Good value weekend breaks, including dinner, are also on offer.

□ The Hotel du Vin & Bistro (01962-241414) is a stylish and comfortable newcomer with double rooms from £75. Its bistro is one of the city's best eating places.

□ The famous Vegetarian Arms (01962-653334) has a few rooms, some in the pub itself, some across the road in the newly converted and trendy named The St George. Lots of sockets for your lap-top computer.

## A soft day and a boggy walk

osing your way in a peat bog can be a messy business.

Suddenly there were no more footpath markers, just the ominous sound of water gurgling, unseen and treacherous, beneath the marshy grass. A couple of tentative steps were enough to convince us we could proceed no further.

Dilemma: how to reach the village of Bweeng in time for that Irish *sine qua non*, a lunchtime glass of stout?

Maps do not warn of such hazards. The previous day we had hiked a stretch of the Beara Way, in south-west County Kerry, which runs for just over 122 miles around the peninsula of the same name. It was soggy underfoot there, too, but negotiable. And, although I would not recommend trying to follow them in a mist without a compass, there were regular signposts.

In terms of gradient, the Avonduh Way looked comparatively gentle. The section we decided to walk linked two quiet country roads in the east of County Cork, running across the Boggeragh Mountains. With an Ordnance Survey map to guide us it could not have appeared more straightforward. This was what the Irish call a soft day.

In what the map called Mossy Bed, the only signs of exploitation were commercial. Peat lay about in plastic bags, waiting to be carried off, like shrouded bodies in the silent aftermath of some ragged moorland battle. But it wasn't wild-haired warriors that defeated us, nor even, as so often happens, barbed wire erected by a farmer. It was just a humble tributary

of the river Caher. Mighty disgruntled, we made a long detour by road.

It is true what they say hereabouts, that a day in the bog is as effective as sea air for leaving you ravenous. Not even a heroic breakfast at the Hayfield Manor hotel in Cork was enough to stay the pangs. But with our midday goal, the pub at Bweeng, receding as if a mirage, we were forced, eventually, to return to the car and drive elsewhere.

In Ireland, it is impossible to stay grumpy for long. The publican made cheese and tomato sandwiches and the sun emerged. We decided to reconstruct the day by dipping into another section of the Avonduh Way, a little further east, where it follows narrow roads. This was a delightful stretch and plainly marked. For several miles we wandered by the river Clyda, its surface starred with crowfoot.

Normally you try to stay off roads but most of those in Ireland barely merit the description. The only traffic we saw all afternoon was a delivery van, trailed by a yapping dog. Horses grazed the verges, untethered. A heron rose from the river bank. The mysteries of the dark bog seemed far away.

■ Roger Bray flew to Cork with Aer Lingus - lowest return fare from next month is £28. He rented a car through Avis - summer rates range from £26 to £48 Irish punt per day plus tax. He stayed at Hayfield Manor (00 35 9 81 815600), Cork, where a double room with breakfast costs £150 a night (£130 at the corporate rate). The Irish Tourist Board is on 0171-493 3201.

Roger Bray

Murphy's law was probably discovered at airports. Luckily it doesn't apply to the Ultra Transporter, the new luggage system with easy-to-organise shelves. Thanks to 4 carefully balanced wheels which ensure extra manoeuvrability and stability, you can easily pull and even push it around. That way you are sure to get there in time, without all the hassle.

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## TRAVEL

# Shaking off the tourist riff-raff in Istanbul

Nicholas Woodsworth gives thanks for deliverance from the crowds

**I**t was in the Third Court of the Topkapi Palace, somewhere between the Gate of the White Eunuchs and the marble halls of the Turkish baths, that I began to feel like a pip being squeezed from an orange.

The sultan, I lamented, would never have put up with this in the good old days. Then, even the British ambassador to the Sublime Porte had restricted access to these innermost chambers, and was guided around with a scimitar-wielding eunuch clutching each arm.

Today anyone with the price of an airfare in his pocket can wander about at will, and here was the result – the place was stiff with international riff-raff of every sort.

There was barely room to swing a video camera, much less a scimitar, so thick were the crowds. Did I get a glimpse at the fabulous riches of the Ottoman empire? A quick gaze at the hair from the beard of the Prophet Mohammed? A look-in at the sultan's nuptial chamber?

Not at all. Bumped and jostled by clamorous, neck-craining crowds, I was borne through the Topkapi on a human tide. I finally gave up next to the celebrated, emerald-studded Topkapi dagger, hanging from the Imperial Treasury ceiling by a golden thread.

Was it Peter Ustinov or Maximilian Schell who stole the dagger in the film, a very large female tourist asked me, her elbow and my ribs scraping a painful acquaintance as we inched forward in the crush.

I had no idea, I squeaked, and retreated to a small, barred window beside the exhibit. And there

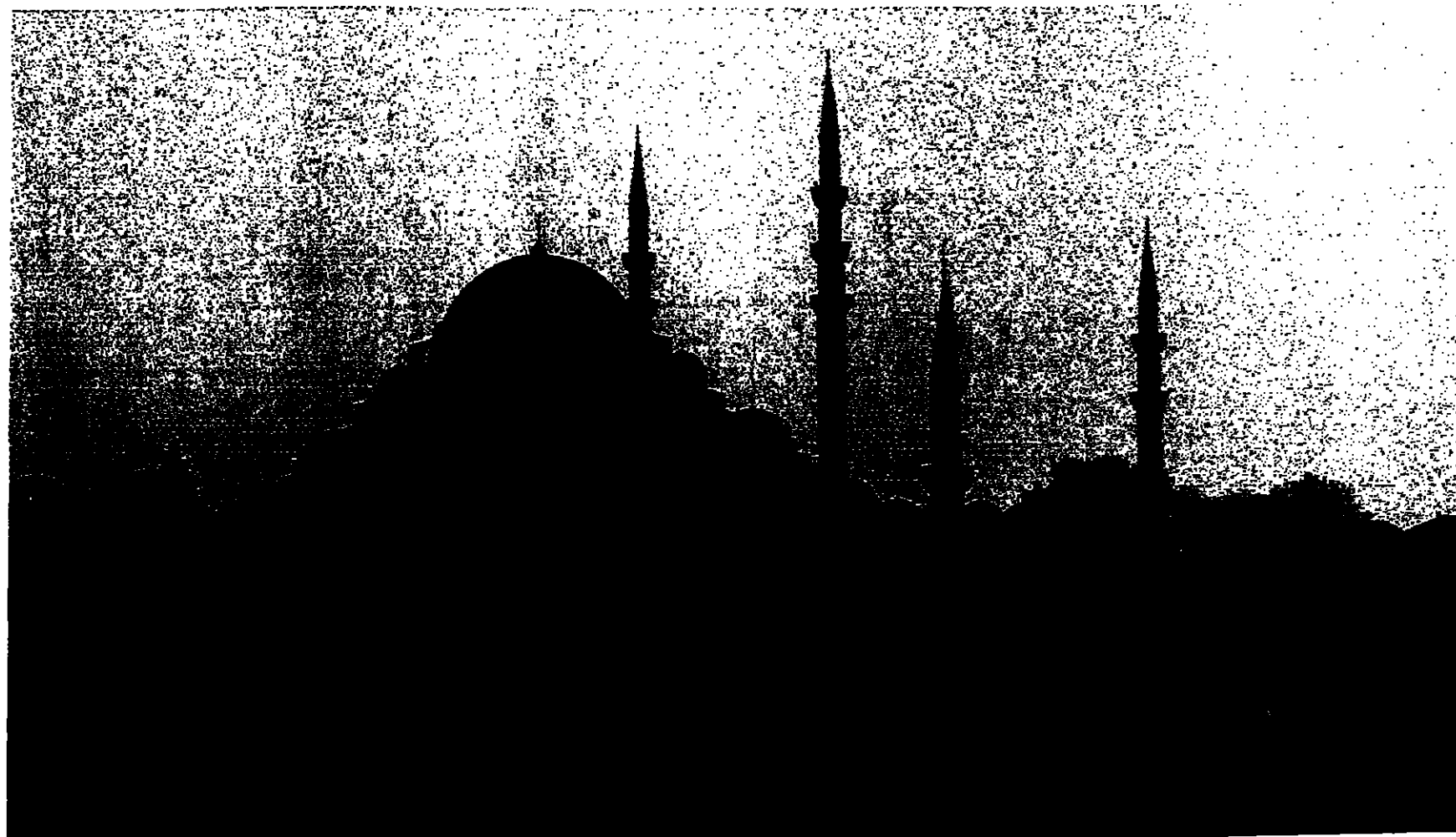
I beheld my deliverance. Far below Seraglio Point and bright blue in the sunshine, I could see the place where the Bosphorus, the Golden Horn, and the Sea of Marmara meet. And shuttling gracefully on the bosom of these broad, uncluttered waters, I could also see the white ferries of the *Denizyolları*, the Turkish Maritime Lines.

You might as well have offered me a magic carpet. Here, I decided, lay escape. And so I fled the Topkapi, the Blue Mosque, Aya Sophia and all the other venerable and over-crowded monuments of Istanbul, and took to the water. Not even all the public courtesans of the sultan's harem – at 300 or more, almost a crowd in itself – could have tempted me back.

Down I made my way to Eminönü, the Golden Horn dockside area that is the departure point for numerous watery destinations. The heart and soul of modern Istanbul, Eminönü is also a train terminus, a bus terminus, and a major artery for unending traffic crossing the Horn by the Galata Bridge.

It is a bellowing, bustling, turbulent, fume-filled vortex of a place, and hardly less crowded than the Topkapi treasury. I plunged into oncoming waves of scurrying commuters, stumbled over sidewalk vendors of nylon socks, ducked around three-wheeled trolleys selling pickles and peanuts, and battled my way past mobile blood-pressure testing machines and document plastification apparatus. I emerged at a ferry-boat ticket booth.

Where, I wondered, should I head for? North, up the 32km-long Bosphorus, between the shores of Europe and Asia? Along



'I was excited. How romantic, how mysterious and alluring Istanbul appears from the water.'

the water there, I knew, lay some of Istanbul's greatest landmarks and, just as important, some very fine fish restaurants. Or, on the other hand, what about a boat westwards along the Golden Horn? I thought of the Eyup Sultan Mosque there, shaded by leafy trees, surrounded by stone courtyards and decorated in richest of blue İznik tilework. It is a marvellous excuse for a boat ride.

Fresh from the press of the Topkapi, I decided against both. The fish restaurants, popular with tourists, would be crowded with large women with sharp elbows. Eyup would be jammed today, its population is increasing daily as Turks stream in from rural Anatolia to the east – the city is choking on its own growth. It must build 40 new schools alone each year just to keep pace with new arrivals seeking better lives. Growing by leaps and bounds, Istanbul's population is estimated as high as 16m. Seen from the ferry, Istanbul became a dense and unbroken urban sprawl stretching from one horizon to the other.

I was excited, too. How romantic, how mysterious and alluring

**Growing by leaps and bounds, Istanbul's population is put at 16m**

I was in mood and dressed in their holiday best. They sat ranged on the stern benches like sardines in a tin. Elderly men with flat caps and nicotine-stained mustaches, young couples surreptitiously holding hands, gawky young men in badly fitting suits – all were as excited as children.

I was excited, too. How romantic, how mysterious and alluring

Istanbul appears from the water. As we cruised away from the city I gazed at the domes and soaring minarets of the 400-year-old New Mosque. Behind rose the arches of the covered Spice Market. To one side of the Horn stood the stone eminence of the Galata tower. To the other lay Seraglio Point and the superimposed remains of three glorious, ancient cities – Greek Byzantium, Roman Constantinople and Ottoman Istanbul.

Put them all together, I was sure, and they would still not be as frantic as the modern megapolis that Istanbul has become. Today, its population is increasing daily as Turks stream in from rural Anatolia to the east – the city is choking on its own growth. It must build 40 new schools alone each year just to keep pace with new arrivals seeking better lives. Growing by leaps and bounds, Istanbul's population is estimated as high as 16m. Seen from the ferry, Istanbul became a dense and unbroken urban sprawl stretching from one horizon to the other.

Aboard, there was mighty

rejoicing in getting away from it all, if only for the day. There was conversation and passenger's newspapers flapping in the fresh sea breeze. There were cups of tea ordered from tray-bearing, white-jacketed waiters. There were sunflower seeds to spit on the deck. And above all, there were cigarettes. No one smokes like the Turks. It was deleterious to the health, it was friendly, and it was much more fun than the Topkapi.

An hour and a half out of Istanbul, the ferry docked at Heybeliada, one of the four Prince's Islands. Like soldiers in a marine invasion, hundreds of day-trippers poured off the boat, into the port, and up the roads leading to the green hillsides above the town. I followed along behind.

Here at last were the open spaces we had all been longing for. Up I trudged on roads that belonged not to cars – for on the Prince's Islands they are banned – but to horse-drawn carts. On the edge of town there was an old Greek orthodox monastery hidden in tall cypresses. In meadows high above the sea there were

yellow and white wildflowers and herds of grazing, off-duty horses. And there in stands of wind-fluttered pine trees the urban Turks of Istanbul became once again the peasant Turks of far Anatolia. Breaking out charcoal braziers and bundles of food from plastic bags, they settled down to a protracted outdoor meal on the grass with all the pleasure of their steppe-riding ancestors.

But I was not the only foreigner on Heybeliada that afternoon. In the grounds of the Turkish Naval Academy in the harbour, I discovered, lies the body of Sir Edward Barton, ambassador of Queen Elizabeth I to the Sublime Porte. Why should he be buried so far from Istanbul, I wondered? Then I remembered what the Topkapi was like in the old days. I imagine he enjoys the open space.

**In Istanbul, Nicholas Woodsworth was the guest of the Celal Sultan Hotel. His stay there was organised by Turkish holiday specialists Simply Turkey, Chiswick Gate, 598-608 Chiswick High Road, London W4 5RT. Tel: 0181-747 1011.**

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A street vendor dries fresh kibzab, an Arab bread, on a street corner in Aleppo

## Edible delights of the souk

Anissa Helou finds childhood tastebuds stirred on a visit to Damascus and Aleppo

**H**ere I was in Damascus for the first time in 15 years. I felt slightly disoriented. It was home and yet not home. I was with my mother whom I had not seen for some time and she too was the same and yet not the same.

But in the souks everything was as I remembered. The souk of coppermiths was just as noisy, that of the tailors just as busy and that of the confectioners as full of variety. It was while walking up souk Madhat Basha that I spotted him. I forgot my fascination with the bizarre medicinal roots and magic plants that I was looking at and rushed up to him, dragging my mother along.

There he was, at the end of the street, standing in his white apron over a large frying pan making *atafeh*. *Atafeh* are small pancakes which look like thin muffins. They are filled with clotted cream, white cheese or walnuts and closed in half circles before being fried and dipped in rose water-flavoured sugar syrup. The Christians make them for carnival night on Saint Barbara's feast day and the Moslems eat them during Ramadan. Around the *atafeh* maker stood eager customers. I joined the group and waited impatiently.

When my turn came I asked for an *atafeh* filled with cream - which I bit straight into even though they are best when cool. When the hot cream and fragrant syrup flowed into my mouth I could not help thinking of Proust and his *madeleines*.

"How do you know he is clean?" my mother asked. An odd question coming from her, she should know that Moslem street food sellers are among the safest to eat from. They wash five times a day for their

prayers and have a strong sense of cleanliness. Perhaps she had a prejudice against street food. I remember she never allowed me to eat any when I was a child in Beirut, hence my passion. (Even now, she is still trying to dissuade me.) But food is one of the best parts of souk life and no possible risk of contamination was going to stop me from enjoying it.

The *atafeh* was so good that I insisted my mother had a taste. She gingerly took a bite, still unsure about eating in the street but had to agree that it was excellent. As I was ordering my second, she finally agreed that I should buy her one.

We strolled back to my healer-magician, relishing every mouthful of our food, and I resumed my search through his strange looking medicines. I ended up buying a bag full of his - so-called - natural remedies which looked more like poison than medicine. Judging by his gaunt appearance and dull eyes they might have been. But since I had no intention of using them for anything other than to fill a bowl in my bathroom then I was not too concerned.

But the problem with the souks, regardless of my mother's opinion, is that you cannot stop eating. So while I was looking for a hand-embroidered bridal dress, my attention was again distracted by an interesting milk pudding shop which proved disappointing. The ice-cream was watery and the *salep* - a hot milk drink thickened with powdered orchid tubers - was too sweet.

Fortunately, when we returned to the Roman arch by the Omayyad mosque, I remembered the very young blue-eyed *shawarma* maker whom I had watched that morning. He was making his

*shawarma* (a kind of doner kebab) with chicken instead of lamb and had country tannour bread - a larger and thinner version of Indian naan - instead of pitta.

My mother's resistance to street food was definitely breaking down. When I asked the young man to make me a sandwich she demurely asked for one too. The sandwiches were exquisite; so much better than our restaurant lunch.

Next day we drove to Aleppo where the souks are even more exciting than those in Damascus. Walking through the covered med-

**Young boys stood by grisly trays of lambs heads and trotters**

ieval alleyways one feels in a time warp. Donkeys laden with great panniers of vegetables block the way while gossamer curly-haired men wearing the traditional black *shawal* (like very baggy breeches) and embroidered waistcoats try to manoeuvre past without spilling any of the sheep's milk carried in gleaming metal pails on their heads. Further on, young boys stood by grisly trays of lambs' heads and trotters and watched young women in long, colourful peasant dresses trying to sell *lo-fahs* which they had knitted themselves.

I felt that at last I would find my bridal dress here. Sure enough I found three. The fine *peint point* embroidery looked like a Klimt painting. To think that it took me

over 20 years of living in London and Paris wearing western designer clothes before I started to appreciate the elegance of our own folkloric costumes. I bought all three, not to get married in but to wear at dinner parties.

While I was looking for my dresses - my mother had gone off to look for fabrics - I kept a look out for tempting food. I had skipped breakfast at the hotel and my first stop was at a *ful mudammas* stall.

*Ful mudammas* was originally Egyptian and is almost everyone's favourite breakfast throughout the Middle East. It is made with dried broad beans that are boiled, slightly mashed in their juice and seasoned with olive oil, lemon juice and crushed garlic. You eat it with your hand using torn pieces of pitta bread to scoop up the beans and their juice - messy but tastier than eating it with a spoon.

The small counter was already crowded with customers, all men as virtually no women would eat in stalls like these. I surprised the *ful* maker by asking for a bowl in Arabic and he sized me up before serving me on the side to keep me away from the men. While I was eating I noticed that he was filling plastic bags with *ful* for people to take away. Gone are the days when people brought their own bowls.

Now I was thirsty. I asked where the nearest fresh fruit juice seller was and only then did I wonder about drinking from glasses that might not have been well washed. Yet the choice was so tantalising - freshly pressed pomegranate, clementines or mango to name but three - that I did not worry too much, and I did not suffer any after-effects. As I wandered through the souk of costume jewellery with its dazzling paste

parures, which city brides wear instead of traditional gold, I came across a lone *salep* seller. His *salep* looked just right, with a creamy off-white colour. Again, it was a taste from the past as it was made with creamy sheep's milk.

When the time for lunch came I went back to souk el-Attarine where I had spotted many butchers-cum-kebab stalls including some specialising in lambs' liver and other offal. Which one to choose? They all looked more or less the same. The meat was hung in big chunks at the front. There was a charcoal grill with a long counter opposite for those who wished to perch while eating. I reckoned that the busiest place had to be the best. Luckily, it was one of the lambs' liver stalls, more interesting than the straightforward meat kebab ones.

I was half-way through my grilled lamb's liver sandwich when I walked past a herb omelette maker. I had to try one of these. I gave my half-finished sandwich to a shoe-shine boy and bought myself an omelette. Arab omelettes are made like pancakes and it was the first time that I had seen them made into sandwiches. He put the omelette on the open round pitta bread, sprinkled more herbs down the middle, added salt and pepper and rolled it up. He wrapped it in a piece of paper and handed it to me. A bit oily - the omelette had been deep fried - but delicious.

When I met my mother at the end of the day she too had found her fabrics and we admired each other's purchases. I asked her if she'd had any lunch and she confessed to eating a lovely kebab sandwich.

Anissa Helou is writing a book on the street food of Morocco.

## Appetisers Going up in smoke

**T**here is good news for cigar lovers - in spite of last week's Christie's auction when an anonymous buyer bid a world record £19,900 for a humidor of 150 Partagas Anniversario cigars (£130 a smoke).

According to Simon Chase, marketing director of importers Hunter & Frankau, the 1997 Cuban cigar harvest is 31 per cent higher than 1996 with crucially more wrapper leaves for the big cigars.

Nicholas Lander

The idea of buying a salad by mail order sounds a bit dotty. But salads grown by Frances Smith of Appleford in Kent are in a class of their own.

Smith's salads are sold as pillow packs of mixed leaves. She refuses to list the ingredients as they are changing all the time, but the sample bag that reached me contained herb celery, claytonia, red orach, spinach, rocket, chervil, flat leaf parsley, red chard, mizuna, red chicory and mustard plus other leaves I was unable to identify.

I feared the leaves would be in poor shape after their journey but they proved fresh and invigorating.

Smith's mixed leaf salads are available to personal shoppers and by mail order from Mortimer & Bennett, London. Tel: 0181-995 4145, fax: 742 3068.

Philippa Davenport

Pete & Johnny Smoothies are non-alcoholic drinks that pack a great deal of fruit in to one small, ugly plastic bottle, the sort seen on cycle handlebars. The texture is thick and pulpy, as much crushed flesh as

juice. There are no single flavours but lots of combinations with the accent on exotic.

Mango, pawpaw, passion fruit and banana figure as do peach, strawberry and apple. Some combinations include coconut, for those not counting calories.

The makers advise serving these drinks well-chilled. I imagine that, in the main, they are aimed at the young and the sporty and are a liquid alternative to unipping a banana when a refreshing and instant energy pick-me-up is wanted.

I suspect that Smoothies might prove a winner with toddlers if frozen in iced-lolly moulds. For stockists ring Pete & Johnny Ltd on 0171-352 0276, fax 0171-351 1454.

PD

Last year, I rejoiced in the arrival of Bilwased in Britain, an exquisite variation on the grissini theme - short stubby sticks (hand-made and far from uniformly shaped) of crisp biscuit deliciously enriched with a mixture of extra virgin olive oil and lard.

They were exclusive to Tesco then. Now they are stocked at Waitrose and elsewhere - but the product has been changed to suit the British market better.

In other words it looks as if the dreaded health lobby and vegetarian police have stepped in. Lard has been dropped from the ingredients list; vegetable margarine has been substituted.

The result is, of course, less flavoursome (but still morish).

You will just have to go to Italy to taste the real thing.

PD



This is Hannelore Kohl, the woman who made German Chancellor Helmut the man he is today. This week her 'A Culinary Voyage through Germany' (Abbeville Press, £22, 223 pages) was published in England. An element of 1950s magazine-style presentation and some folksy writing imbue the book with a certain banal charm; the caption on this picture is: 'If you are in a hurry, a nice piece of cheese provides a quick snack.' But there are plenty of traditional recipes - more than 300 regional specialties are included - from a cuisine sorely under-estimated in the UK.

Jim James

**F**or a week, gardeners in the UK have been living in paradise. Not for six years have we seen the conditions which were the standard diet of the 1950s.

The sky has had things called clouds. The glare of the sunlight has been modulated in the most beautiful way. On Saturday and Sunday, heaven turned on the sprinklers at four or five hour intervals and left us to marvel how lawns can be green, young trees can start to smile and the leaves of silver plants can glisten in the late evening.

Those of you who have seen the Budget coming and fled to the Mediterranean have none of my sympathy. You have missed an early June in England which has reminded us all that life can be heaven without a bikini.

It has been particularly heavenly in the Cotswolds because the frosts in April did such curious damage and because, for once, I have hit a major gap straight down the middle. The frost wiped out the flower on any wisteria which was not against a south wall and ruined the buds on later magnolias. It has seriously delayed the walnut trees.

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My garden looks like a Piero painting of the Resurrection. On one side all is flower, greenery and life. On the other, the view comes to rest on three leafless walnuts, still bare on June 9, as if they were unresurrected elements of the old Creation.

Back at earth level, the gap-filling has been seriously successful. Every year, we all face that awkward hiatus between the clumps of spring bulbs and the summer's bedding plants as they compete with snails when first put out.

Last autumn, I did what I have meant to do for 20 years and ordered 300 bulbous English Iris from a tradesman for a cost of about £12. The bulbs arrived in October and I had no idea where to put them.

The plan was to replace them with tobacco plants, but these irises might make some sort of a show in early June.

The success rate in these particular beds is probably the lowest in the country, even in the gardens of those few gardening columnists who have full-time gardens. By April, there was not much sign of the English Iris and I had written them off. A friend who grows the more common Dutch ones told me that they had petered out on my soil and said nothing.

Far from it: all 300 are now flat out in a harmony of white on the upper part and primrose-yellow on the falls which I think is the mark of a variety called Diana. These neglected bulbs are what we need. They flower precisely when the bedding is changing and in the soft light of a true English evening, they look stunning. They are extraordinarily easy to flower, but I now wonder whether they are easy to maintain.

Like many local beauties, they are not in fact English at all. The bulbs reached Bristol from Spain in the 16th century and therefore rank as one of the few

Gardening / Robin Lane Fox

## O to be in England now that rain is here

enchancing imports from that country in the century of silver, syphilis and New World. The English Iris is yet one more rebuke to national Eurocentricity. Its true home lies in the Alpine meadows of the Pyrenees and it has never been wild in this country.

Botanically it belongs in the Xiphium branch of the family which takes its name from the Greek word for a sword. The name is quite

inappropriate because there is nothing sword-like about the leaf or the flower of these plants. The cousin of the English Iris is the Spanish Iris, the true Iris xiphium. I have seen it growing wild in southern Spain and think that I remember how different it is. It prefers a dry soil and a dry summer. The English Iris has almost always been known as Iris xiphoides although some of the

troublemakers are now trying to rename it latifolia. I fear that I must go into these details in case you try to find it in a catalogue. Usually, the plain English Iris will suffice.

The main difference between the two is that the English variety is a meadow plant and to quote the family's great expert, "In this country it needs cool, moist conditions and is never happy in the hot sandy soil

in which the Spanish Iris flourishes".

This judgment is so expert that my bulbs have grown wonderfully in their first year in dry, stony soil in the driest winter which we can all remember. Either way I recommend both of these closely related forms.

Spanish varieties are much easier to buy: Peter Nyssen of Railway Road, Urmston, Manchester, is offering mixed colours at

£4.50 a hundred or £35 a thousand for 1997-98 which must rank as one of the few remaining horticultural bargains. For your money, you end up with striking flowers, about 2ft tall and well able to withstand rain as I have verified in this wonderfully gentle patch of weather. Almost every other answer to gaps in beds involves yet more biennials such as Sweet William or Californian Poppies which take up space and need several knots in the gardening handkerchief if we are to remember to sow them in the next fortnight. Spanish or English Irises seem to me a far cheaper and simpler alternative.

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## MOTORING

Road test / Stuart Marshall

## Honda's treat for the trendies

It was love at first sight for the young trendies of Tokyo and Osaka when Honda introduced its all-wheel driven CR-V sports utility 4x4 to the Japanese home market a year ago.

In the main, they wanted a car that would be easy to drive and park in crowded city streets during the week. But it also had to carry them and their skis, mountain bikes or watersports equipment to the snows or sands at the weekend. And this was the whole point of Honda's CR-V (compact recreational vehicle).

More than 100,000 of them were sold in the first year. The Americans fell for it, too, buying 9,000 in the first month after US sales began. Honda's ambitions for Britain are less ambitious: 2,000 in the second half of this year and 3,000 in 1998.

So long as there is no decline in the fashion for using sporty, high-slung, all-wheel-driven vehicles as car substitutes, the sales target looks modest because the

CR-V is the best thing of its kind to have appeared so far.

Honda is not making a pitch for a share of the big, butch, on/off-road market. As the company puts it: "The CR-V does not compete with serious off-road machines like the Land Rover Discovery. It is a grass and gravel car, not one for plunging into axle-deep mud" - thus acknowledging that many owners will never venture off the highway.

The CR-V is the latest entrant in a growing niche market. Its main rival is the Toyota RAV4 with the Kia Sportage, which deserves to be known better, in a supporting role. In the pipeline are the Daihatsu Terios (due in Britain by August), the Subaru Forester (in the autumn) and the Land Rover

Freelander (which is due early next year).

Like the best-selling RAV4, the CR-V does not have two sets of gears, one for road use and the other for tackling the rough stuff.

For the time being, all CR-Vs are four-speed automatics, although five-speed manuals will appear before the year's end. Cleverly, the automatic transmission not only assesses a driver's style and fixes change-up points accordingly, but also shifts down when it detects a need for engine braking on hills.

The main difference between the RAV4 and CR-V is that the Toyota has permanent all-wheel drive whereas only the Honda's front wheels are driven until the tyres start to lose grip. Power is then progressively



Honda's CR-V... good for the city and fine for the outdoors

put through to the rear wheels to maximise traction. The CR-V is not Honda's first attempt at such a vehicle. More than 10 years ago, it produced a selectable, four-wheel-driven version of

the Shuttle, a lofty estate car that was a precursor of Renault's immensely successful Megane Scenic. This simple, all-wheel drive system made it remarkably nimble off-road.

I once drove one on a rough test track where several ineptly-handled Range Rovers had got stuck. The Shuttle flew round, although thuds and bangs from underneath showed the exhaust system and bumpers were hitting the ground.

This should not happen with a CR-V. It has the clearances - and the sought-after high driving position - of a proper off-roader but the manners of a conventional family car.

When Honda invited me to sample one in the New Forest, I thought there might be some mild off-roading to prove it worked in conditions that would defeat ordinary cars. But no. All the driving was on-road and the CR-V - with its 128-horsepower, two-litre, multi-valve

petrol engine and slick transmission - was as willing as it was refined.

It hummed along the M27 motorway, keeping up with business drivers in their BMWs and Jaguars. In mid-forest, on roads now (thankfully) limited to 40 mph (64 km/h), the all-independent, double wishbone suspension gave it a smoothly buoyant ride.

Commanding all-round vision helped when driving in heavy traffic and when parking, too. The lock is tight and the power-assisted steering effortless. Average fuel consumption will be about 28 mpg (10.1 l/100km). The interior is genuinely spacious for up to four full-sized adults, and will take five at a pinch. Load space is similar to a compact estate

car, except that the higher roof-line allows bulkier things to be carried.

There are some ingenious life-style features. They include a waterproof under-floor compartment for wet suits and swimwear, and an optional extra shower attachment ideal for washing the sand off children before going home from the beach - provided you remember to take a jerrycan full of water.

Pricing of the CR-V, which went on sale in Britain this week, is keenly competitive. The LS costs £16,995 on the road; it has ABS brakes, twin airbags, remotely controlled central locking with engine immobiliser, a tilt-adjustable steering wheel, and power-operated windows, sun-roof and exterior mirrors.

The £17,995 ES also has air-conditioning, alloy wheels, headlamp washers, a good radio/tape player and 50/50 split rear seat. A five-door RAV4 equipped to CR-V ES standards costs nearly £1,000 more.

## A festival of speed and style

Goodwood's lawns are to be graced by the most historic and valuable collection of cars ever to gather in one place, writes John Griffiths

When he wakes and gazes from the windows of Goodwood House next weekend, Charles, Earl of March and Kinrara, will still have difficulty believing the evidence of his eyes.

Gathered on the elegant lawns surrounding the house, with the estate's further 12,000 Sussex acres stretching to the downs beyond, will be what is almost certainly the most historic and valuable collection of cars ever gathered in one place.

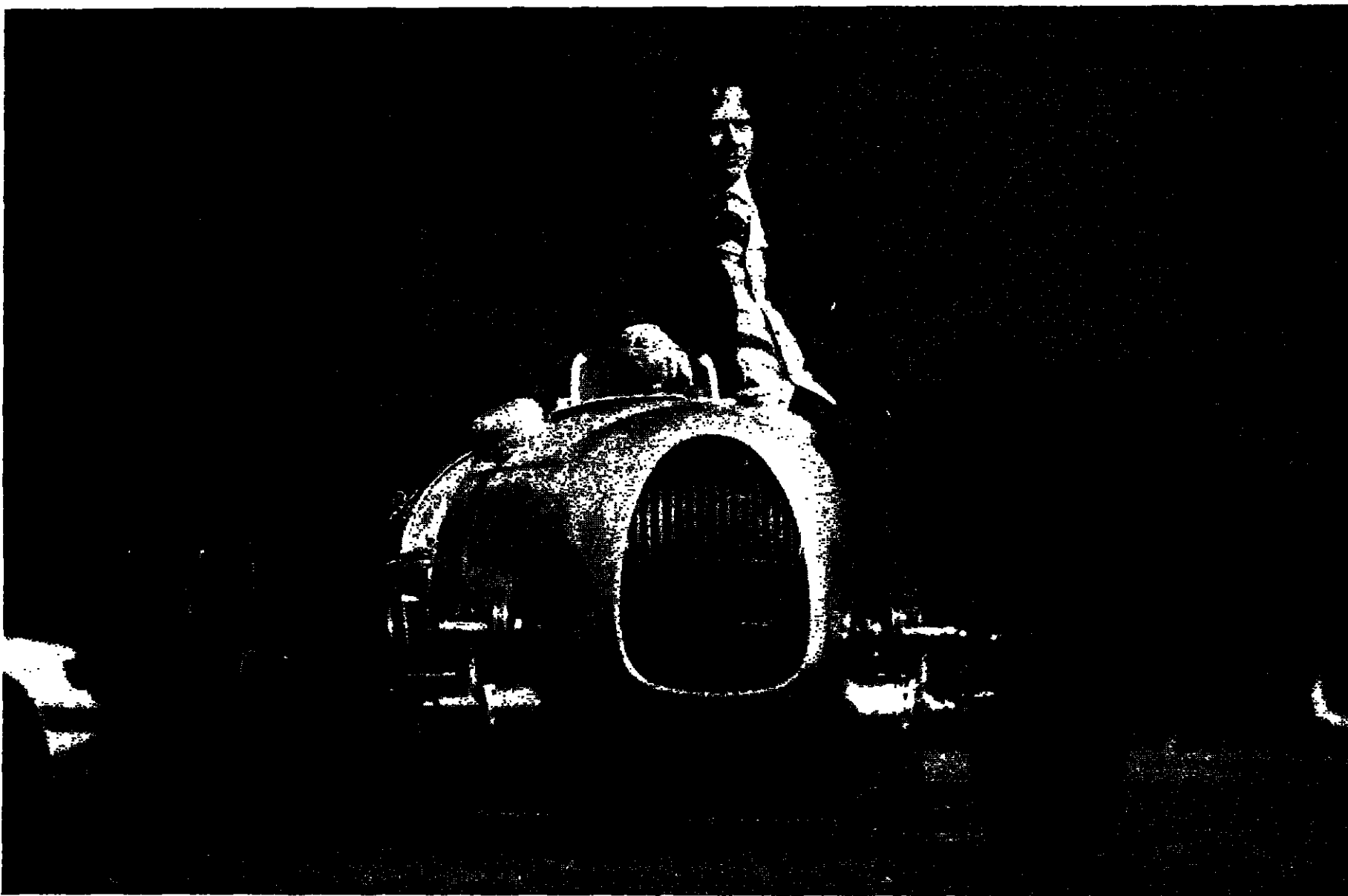
Their assembly at Goodwood for the youthful Earl's "festival of speed" has left empty some of the most hallowed spaces in the motor museums of the world.

It has also, in only the festival's fourth year, left even the most ardent motor industry spin doctors - as well as the Earl himself - bemused at the speed with which motoring's equivalent of Royal Ascot has been created.

From Mercedes-Benz's museum in Stuttgart has come the pre-war W125 Grand Prix car, reaper of 27 victories, and Juan Manuel Fangio's version of the Mille Miglia-winning 300SLR.

Audi and the Deutsche Museum, Munich, have sent possibly the most fearsome Grand Prix racing car ever built: the mid-engined, 520-horsepower Auto Union V16 which more than 60 years ago, on skinny tyres and with token brakes, was capable of reaching 200mph and humbling the finest from the rest of a Europe already falling under the shadow of *der Führer*.

There will be the definitive display of Ferraris in this, the marque's 50th anniversary year. A legion of Cosworth-powered Formula One cars will power their way up the hill in front of Goodwood House in celebration of the Ford Cosworth engine's own Grand Prix 30th anniversary. XKD 906, the D-Type Jaguar which scored the last of Jaguar's bat trick of victories at Le



Charles, Earl of March, with possibly the most fearsome Grand Prix racing car ever built: the mid-engined, 520-horsepower Auto Union V16

Colin Beane

Mans in 1957, will be out, as will a gaggle of equally illustrious Maseratis, Alfa-Romeos and Bentleys.

Collectively, the several hundred cars and motorcycles are worth not tens of millions but hundreds. Some, like the Auto Union, are priceless.

Even the normally imperious Ron Dennis, head of the McLaren International Formula One Grand Prix racing team, is slightly awed: "I'm sure there has

never been such an amazing array of cars from throughout the world in one place," he says. One of his own Grand Prix cars, of course, is not to be left out.

The festival, however, is not to be left out. As part of the 42-year-old Earl's pursuit of an atmosphere combining motor race with garden party, another 50 cars, no less valuable than their swifter counterparts, are to be assembled for Cartier's "Style et Luxe"

- a competition for pre-1940s automotive design backed by the fashion and design house.

With a judging panel led last year by Royal Academy president Sir Philip Dowson and Arts Council chairman the Earl of Gowrie, and which this year includes architect Sir Michael Hopkins, the concours display has little in common with the local car club version. But it is not only the cars

that are the stars. This is a living festival: the cars will be driven - and raced - hard, against the clock up the mile-long hill, and several have been badly damaged in previous festivals.

They will be driven by a Who's Who of racing drivers spanning three generations. In a world far removed from the commercialism and inaccessible paddocks of Formula One, any of next weekend's expected 100,000 visitors can walk around, see,

touch the cars and talk to the drivers.

Step back tentatively and that could be Stirling Moss's foot on which you're treading - certain to produce some colourful invective, because Stirling is no less forceful in voice as in driving. Worse yet, the foot could belong to Eddie Irvine.

Later the fearsome current Formula One star will be at the wheel of his Grand Prix Ferrari. Former world champions

Jackie Stewart, John Surtees, Sir Jack Brabham and Jody Scheckter will also be there. From other disciplines, there will be Le Mans legend Derek Bell and former world rally champion Stig Blomqvist.

Until he slips into his race overalls and Lotus, the unassuming figure of Lord March himself is likely to go unnoticed. His usual festival dress of slacks and blazer blends him easily into the background.

A similar uniform does not do the same for Robert Brooks, the extrovert auction house principal who will again have a triple role in the festival: organiser of a major sale, part-sponsor, and flamboyant race car driver.

Behind his quiet manner, however, the Earl is delighted with the festival. It is the precursor of the return of fully fledged motor racing to the Goodwood circuit, a couple of miles away beyond the hills, beginning next year.

Despite Goodwood being much better known in recent years for its horse-racing, Lord March's personal enthusiasm is for motoring. "It's probably innate, just like my grandfather" - the engineer/designer/racing driver known simply as Freddie March.

Charles March's interest in motoring has survived a four-month hospital stay after crashing badly on the estate as a 16-year-old, a Morgan three-wheeler whose back wheel kept falling off, and a string of hooligan vehicles such as the Mini Cooper S.

He loves driving his historic Lola Mk 1 race car, and it is the symbol of a nagging regret. "I'm not as mad as Robert," he says in reference to the irrepressible Brooks. "but I do regret coming to motor racing that little bit late. I was so focused on other things to do with the estate. It's only now I think 'why on earth didn't I do this before?'"

Earlier this year he won planning consent for what, he acknowledges, is the biggest and potentially most satisfying venture of his life. It is now 30 years since the last echo of racing engines faded at the 2.4-mile circuit at which Stirling Moss, the greatest driver never to win a Grand Prix world championship, had his racing career - and almost his life - cut short.

A "living museum" of motor sport is to follow. When it is completed, almost certainly not until early next century, about 300 jobs should have been created.

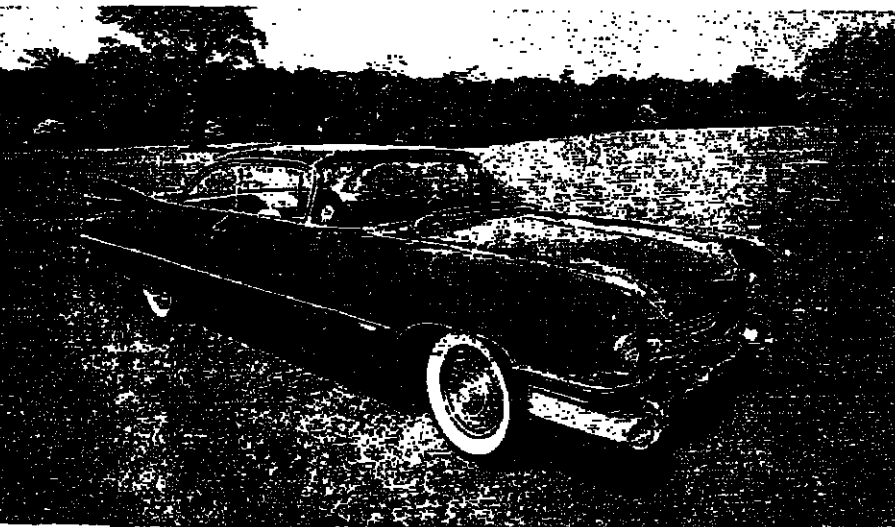
## Cadillac gears up to make a great name great again

But fins are not part of the revival plan, reports Richard Waters

It is hard to get passionate about the new Cadillac Catera. With its tucked-in rump and sharpened nose, this vehicle scarcely graces the famous name it bears.

The great finned creations of Cadillac's past played the romantic lead in America's mid-century love affair with the road; who will ever forget Elvis's pink model, or the one driven by Chuck Berry's girlfriend in Maybellene? But this creature of the 1990s has little to stir the soul. And, as if to rub in the difference, the Catera does not even bear the Made in America label; it comes from the assembly lines of Adam Opel, the German arm of Cadillac's parent, General Motors.

Yet, paradoxically, the Catera could turn out to be the missing link that Cadillac needs to help it step back to the future. This retro-fitted, middle-of-the-range German sedan has already made it possible for one of the most famous



How it was... a 1938 hard-top coupe. Fins were all the rage - and none were bigger than Cadillac's

names in luxury cars to reach out to a market it was in danger of losing forever.

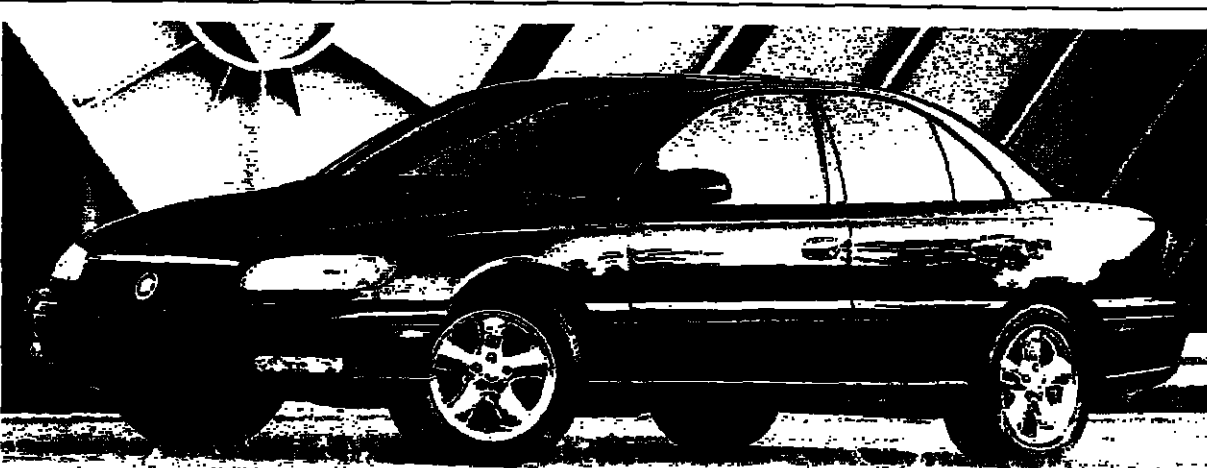
By the time Bruce Springsteen was singing about pink Cadillac early in the 1980s, the brand seemed half way down the slippery slope to oblivion. The roots of its problems lay in the fuel cri-

sis of the 1970s which led to a backlash against big cars that drank petrol as if it was water.

Unfortunately, these qualities were "one of the attributes of General Motors and Cadillac". So says Jack Smith, who has just taken over running the division

(he is not related to the Jack Smith who heads General Motors).

While trying to grapple with this problem, Cadillac seemingly lost its flair for styling. "We had a series of terrible product misuses," says Smith - ugly, underpowered brutes that looked



How it is... the 1997 Catera. Made in Germany, it has little to stir the soul. But plans are afoot to turn Cadillac into a world-beater

too much like each other. "We worked through all the goodwill that had built up over the decades."

Now, big is most definitely back on America's streets. A new generation of V8-powered gas-guzzlers lumbers along, thanks once again to low prices at the pump. But Cadillac is not a part of this new fleet. Buyers of luxury cars now want such foreign makes as Japan's Lexus or Germany's BMW and Mercedes which are smaller and cheaper to run than traditional US models in their class.

By failing to join this new market, Smith says, Cadillac left it to others to define the modern idea of what a pres-

tige car was all about. That idea no longer includes big fins, whitewall tyres and spongy suspension. The demand now is for firm handling, sparkling acceleration and great engineering - qualities summed up best by the word "German".

Hence the Catera. When it was conceived, in 1993, GM was at the nadir of its fortunes and had to conjure up a "new" vehicle, without spending much money. Against that background, the Catera must go down as a success. A zippy advertising campaign and the sort of performance more familiar from German cars has turned the heads of forty-somethings who had decided

the Caddy was a relic of their fathers' era.

The trick now, says Smith, is to retain the qualities of the Catera while taking Cadillac back closer to its famous heritage. That means Bigness and American-ness - two values that are inseparable. Asked to define them, he says: "People are always looking for a little bit more." And he promises "some good, in-your-face American values."

Already, Smith is talking about a completely revamped Catera for early next century with "a decidedly Cadillac execution and a little more American flair" (although he says that fins are definitely not about to

make a re-appearance). Before that will come a new Seville, due later this year. This will include a right-hand drive version, a sign of General Motors' new ambition to turn Cadillac into a worldwide marque to compete with the best of the German and Japanese names.

How will you know when Cadillac has finally shaken off its failures of the past two decades? Easy, says Smith. "People in Dubai or Sydney will catch sight of one as it goes by and say: 'Wow, I want one of those'."

The Catera is not that car. But at least it has shown that Cadillac might have a future after all.



dies

style



# INTERNATIONAL ARTS GUIDE

## What's on in the principal cities

### AMSTERDAM

**CONCERT**  
Concertgebouw Tel: 31-20-6718345  
● Chamber Orchestra of Europe: conducted by Bernard Haitink and in works by Mozart, Wagner and Brahms; Jun 16

**OPERA**  
Het Muziektheater Tel: 31-20-5518117  
● Jenufa: this year's Holland Festival opened with a new production of Janáček's opera, with the Radio Philharmonic Orchestra conducted by Edo de Waart. Soloists include Pauline Tinsley, Peter Straka, David Kuebler, Kathryn Harries and Gwynne Geyer; Jun 15, 17, 20

**ANTWERP**  
**EXHIBITION**  
Koninklijk Museum voor Schone Kunsten Antwerpen Tel: 32-3-2387809  
● Exhibition of miniatures from the period 1475-1550, when Flemish miniaturists developed a unique style; to Jun 22

**THEATRE**  
deSingel Tel: 32-3-2483800  
● La Maladie de la Mort: by Duras. Directed by Robert Wilson. The cast includes Michel Piccoli and Lucinda Childs; Jun 16, 17, 18

**ATHENS**  
**CONCERT**  
Athens Concert Hall Tel: 30-1-7262333  
● Athens State Orchestra: with conductor Carlos Ariel Garcia and cellist Natalia Gutman in works by Schumann, Dvorák and Tchaikovsky; Jun 20  
Herod Atticus Odeon Tel: 30-1 323 4009  
● Royal Concertgebouw Orchestra: conducted by Wolfgang Sawallisch in works by Beethoven, Brahms and R. Strauss; Jun 16

**BERLIN**  
**CONCERT**  
Konzerthaus Berlin Tel: 49-30-203090  
● RIAS-Jugendorchester: with conductor Carl St. Clair, violinist Pavel Berman and pianist Lazar Berman in works by Haydn; Jun 18  
● Staatskapelle Berlin: with conductor and pianist Daniel Barenboim and pianist Radu Lupu in works by Mozart and Tchaikovsky; Jun 19

**OPERA**  
Deutsche Oper Berlin Tel: 49-30-3438401  
● Aida: by Verdi. Conducted by Miguel Gomez Martinez. Soloists include Maria Elisabeth Florio and Gergely Gergely; Jun 19  
Staatsoper Unter den Linden Tel: 49-30-20354438  
● Wozzeck: by Berg. Conducted by Daniel Barenboim. Soloists include Falk Struckmann, Reiner Goldberg and Endrik Wottrich; Jun 15, 17

**BOLOGNA**  
**EXHIBITION**  
Galleria d'Arte Moderna Tel: 39-51-502859  
● George Baselitz: the first retrospective of the German artist's work to be held in Italy, beginning with the New Objectivity of the 1950s and later Abstract Expressionism and his "upside down" works; to Sep 7

**BONN**  
**EXHIBITION**  
Kunst- und Ausstellungshalle der Bundesrepublik Deutschland Tel: 49-228-9171200  
● Sigmar Polke: the largest retrospective exhibition of the German artist's work yet mounted, featuring 220 pieces from all phases of his career, covering his early 1960s Pop Art-inspired parodies of consumerism to present day experiments with colour and large format abstracts; to Oct 19

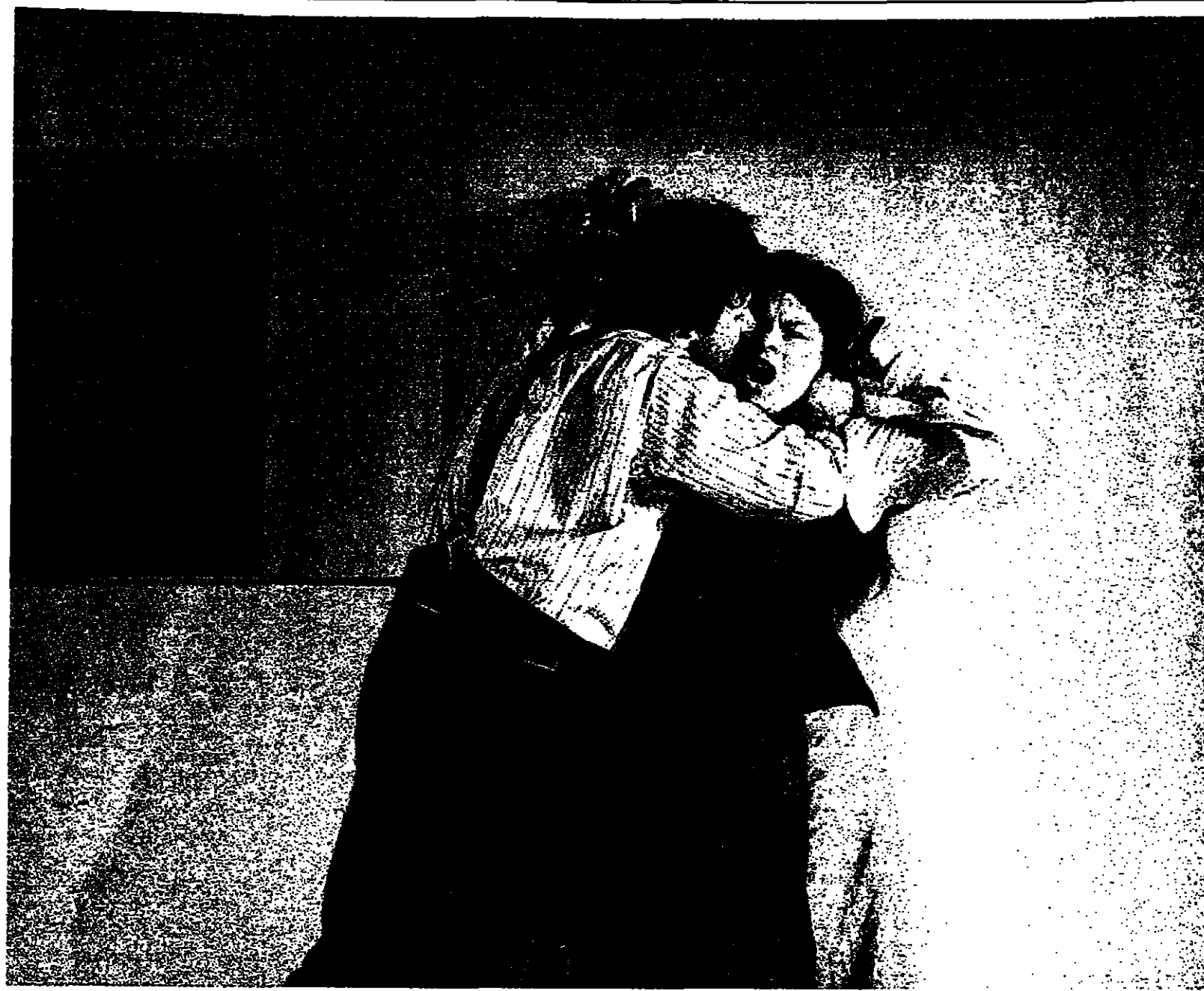
**OPERA**  
Oper der Stadt Bonn Tel: 49-228-7281  
● Nabucco: by Verdi. Conducted by Renato Palumbo. Soloists include Mauro Augustini, Alexander Spemann and Lucia Naviglio; Jun 16

**BOSTON**  
**EXHIBITION**  
Museum of Fine Arts Tel: 1-617-267-9300  
● Tales from the Land of Dragons: 1000 Years of Chinese Painting: display of 153 rare and ancient paintings from the Tang, Song and Yuan dynasties, including early Buddhist and Daoist works; to Jul 20

**BRUSSELS**  
**EXHIBITION**  
Palais des Beaux-Arts Tel: 32-2-5078200  
● Alberto Burri (1915-1995): retrospective of the Italian abstract artist; to Aug 17

**CHICAGO**  
**EXHIBITION**  
Art Institute of Chicago Tel: 1-312-4433800  
● Charles Rennie Mackintosh: billed as the most comprehensive show of Mackintosh's work ever mounted, this exhibition features over 200 objects, including architectural drawings, room settings and furniture; to Jun 22

**COLOGNE**  
**CONCERT**



Gwynne Geyer sings the title role in a new production of 'Jenufa' at Amsterdam's Muziektheater, pictured here with Peter Straka as Laca Kemeň

Kölner Philharmonie Tel: 49-221-2040620  
● Barbara Bonney, Helmut Deutsch and Dmitri Ashkenazy: the soprano, pianist and clarinetist perform works by Schubert; Jun 18

**EXHIBITION**  
Wallraf-Richartz-Museum Tel: 49-221-2212372  
● L'Art Gourmand: exhibition focusing on kitchen and banquet still lifes, includes works from artists ranging from Pieter Aertsen to Pablo Picasso; from Jun 19 to Sep 14

**COPENHAGEN**  
**EXHIBITION**  
Fotografisk Center-Photographic Centre Tel: 45-33-93 09 96  
● Yoko Ono: Conceptual Photography: display of photographic work by the Japanese artist from the early 1960s to the present day; to Jul 24

**EDINBURGH**  
**EXHIBITION**  
Scottish National Portrait Gallery Tel: 44-131-5588921  
● The Face of Denmark: exhibition organised with the cooperation of the Gallery's Danish counterpart featuring around seventy portraits, including works by the painters Jens Juel and Christen Købke and the sculptor Bertel Thorvaldsen. Also included are works from the Renaissance period when, through the marriage of Anne of Denmark to King James VI, Scotland and Denmark were bound closely by family and economic ties; from Jun 19 to Aug 31

**FLORENCE**  
**OPERA**  
Teatro Comunale Tel: 39-55-211158  
● Turandot: by Puccini. Conducted by Zubin Mehta, performed by the Orchestra e Coro del Maggio Musicale Fiorentino. Soloists include Angelo Vercia, Ugo Benelli and Paolo Barbacini. Part of the 60th Maggio Musicale Fiorentino 1997; Jun 17, 20

**GLASGOW**  
**EXHIBITION**  
McLellan Galleries Tel: 44-141-3311854  
● The Birth of Impressionism: from Constable to Monet: exhibition featuring over 300 works, setting the Impressionist movement in a social, scientific and historical context, looking at the effects of photography, new paint technology and the coming of the railways on artists including Millet, Rousseau, Courbet, Degas, Monet, Pissarro, Manet and Cézanne; to Sep 7

**HAMBURG**  
**EXHIBITION**  
Museum für Kunst und Gewerbe Tel: 49-40-24862732  
● Alphonse Mucha-Triumph des Jugendstils: display featuring over 230 lithographs, drawings, sculptures and photographs by the Czech-born graphic artist and designer; to Jul 27

**KASSEL**  
**EXHIBITION**  
Documenta Tel: 49-561-707270  
● documenta X: experimental work is showcased in this series of exhibitions dotted throughout the city incorporating a whole range of cultural activity; from sculpture, photography, film, painting and drawings, to theatre, music, literature and new electronic media; from Jun 21 to Sep 28

**LISBON**  
**CONCERT**  
Grande Auditório da Fundação Gulbenkian Tel: 351-1-7935131  
● Orchestra of the Age of Enlightenment: with conductor Sir

Simon Rattle in works by Schubert and Beethoven; Jun 15

**LONDON**  
**EXHIBITION**  
Hayward Gallery Tel: 44-171-9604242  
● Rhapsodies in Black Art of the Harlem Renaissance: multi-media exhibition examining the artistic legacy of the Harlem Renaissance and the Jazz Age of the 1920s. Paintings, sculpture, photography and rare archival film and sound recordings trace the years when Harlem was a centre for fashion, entertainment and nightlife for African Americans escaping the segregation and racial persecution of the Deep South; from Jun 19 to Aug 17  
National Gallery Tel: 44-171-7472885  
● Cranach: A Closer Look: display of eight works from the Gallery's collection by Lucas Cranach the Elder, one of the outstanding artists of the German Renaissance. The paintings are joined by three more pieces from the collection of the Statens Museum in Copenhagen, providing an overview of Cranach's long career during the 1500s; from Jun 18 to Sep 7  
Queens Gallery Tel: 44-171-9304832  
● Views of Windsor - Watercolours by Thomas and Paul Sandby: collection of works by the brothers who were important figures in the development of watercolour painting in England during the second half of the 18th century. The exhibition includes a number of Paul Sandby's best known views of Windsor Castle and the Home Park painted during the 1760s and 1770s and a selection of works by his brother, including watercolours that relate to his work as a landscape architect in Windsor Great Park; to Jul 13

**POP**  
Royal Albert Hall Tel: 44-171-5898212  
● Superstar: performance by the English rock group; Jun 18, 19

**THEATRE**  
Queen's Theatre Tel: 44-171-4945040  
● Master Class: by McNally. Directed by Leonard Foglia. The cast includes Patti LuPone, Kenneth Hadley, Susan Roper and Sophia Wylie (prev and date); to Dec 31

**LOS ANGELES**  
**OPERA**  
Dorothy Chandler Pavilion Tel: 1-213-972-8001  
● La Nozze di Figaro: by Mozart. Conducted by Evelino D'Amico. Soloists include Richard Bernstein, Rodney Gilroy, Solveig Kringsborn, Inva Mula and Paula Rasmussen; Jun 15, 17, 19, 21

**LUXEMBOURG**  
**EXHIBITION**  
Musée National d'Histoire et d'Art Tel: 352-4793301  
● Peintures de l'âge d'or du Danemark: exhibition examining Danish art from the first half of the 18th century. On display are works by Christoffer Eckersberg, Constantin Hansen and Wilhelm Marstrand; from Jun 20 to Aug 30

**MADRID**  
**EXHIBITION**  
Museo Nacional Centro de Arte Reina Sofia Tel: 34-1-4675062  
● Lipchitz (1891-1973): retrospective exhibition devoted to the work of the 20th-century sculptor Jacques Lipchitz. The display features some 80 sculptures as well as drawings and other items giving insight into the artist's working methods; to Sep 2

**OPERA**  
Auditorio Nacional de Música Tel: 34-1-3370100  
● Zaide: by Mozart. Conducted by Paul Goodwin, performed by The Academy of Ancient Music. Part of the

10 Festival Mozart Madrid 1997; Jun 19

**MONTREAL**  
**EXHIBITION**  
Montreal Museum of Fine Arts Tel: 1-514-285-1600  
● Exiles and Emigrés: 1933-1945: this major exhibition of some 150 paintings, sculptures, and works on paper as well as documents, books and audio and video material, focuses on the work of twenty-three well-known painters, sculptors, photographers, and architects in exile during the twelve years of Nazi rule. It includes works by Vasily Kandinsky, Max Ernst, Marc Chagall, Walter Gropius, Mies van der Rohe and others; from Jun 19 to Sep 7

**MOSCOW**  
**EXHIBITION**  
State Pushkin Museum Tel: 7-095-2038974  
● Etchings by Rembrandt: Reflections of the Golden Age: display of Holland's largest collection of etchings by the Dutch master, including self-portraits, Biblical scenes, mythological figures, book illustrations, figure and bust studies and landscapes; to Jun 29

**MUNICH**  
**EXHIBITION**  
Kunsthalle der Hypo-Kulturstiftung Tel: 49-89-224412  
● Alberto Giacometti: display of works by the Swiss sculptor, with over 60 pieces selected from the Fondation Maeght in St. Paul-de-Vence; to Jun 29

**OPERA**  
Cuvillius-Theater - Altes Residenztheater Tel: 49-89-296836  
● Tosca: by Puccini. Conducted by Asher Fisch and performed by the Bayerische Staatsoper. Soloists include Tiziana Fabbri and Sergei Larin; from Jun 17 to Jun 21

**NANTES**  
**EXHIBITION**  
Musée des Beaux-Arts de Nantes Tel: 33-40 47 65 65  
● French portraits in the reign of Louis XIV: featuring 80 paintings and 50 drawings by artists including Lafosse, Mignard, De Troy, Largillière and Rigaut; from Jun 15 to Sep 15

**NEW YORK**  
**EXHIBITION**  
Sotheby's Tel: 1-212-606-7000  
● Americana: highlights include a rare oil on canvas by the 19th century ship portraitist James Bard, 'The Schooner Robert Knapp'; Jun 17, 18

**CONCERT**  
Carnegie Hall Tel: 1-212 903 9600  
● American Russian Youth Orchestra: with conductor Leon Botstein in works by Tchaikovsky and Glazunov; Jun 18

**OTTAWA**  
**EXHIBITION**  
National Gallery of Canada Tel:

1-613-990-1985  
● Gauguin to Toulouse-Lautrec: French Prints of the 1890s: approximately 80 prints and drawings mainly from the National Gallery's collection focusing on the circle of artists who contributed to the 'L'estampe originale', a series of prints published by André Marty between 1893 and 1895 which included elements of art nouveau and symbolism. Its contributors included Gauguin, Toulouse-Lautrec and Redon; from Jun 20 to Sep 14

**PARIS**  
**CONCERT**  
Théâtre des Champs-Élysées Tel: 33-1 49 52 50 50  
● Orchestre Philharmonique de Radio France: with conductor Marek Janowski in works by Schubert. Part of the Schubertiade; Jun 18

**EXHIBITION**  
Galerie Nationale du Grand Palais Tel: 33-1 44 13 17 17  
● Paris-Bruxelles/Bruxelles-Paris: exhibition focusing on the artistic relation and exchange between Belgium and France from 1848 to 1914. Attention is paid to both visual and decorative arts, architecture, literature and music, ranging in styles from Realism and Impressionism to Symbolism and Art Nouveau; to Jul 14  
Musée du Petit Palais Tel: 33-1 42 65 12 73  
● Les Francs, précurseurs de l'Europe: display of over 1000 objects from the Franks period, covering the third to the fifth centuries, including glass, jewellery, ceramics, weapons, manuscripts, coins and a collection of Merovingian tombs; to Jun 22

**OPERA**  
L'Opéra de Paris Bastille Tel: 33-1 44 73 13 99  
● Manon: by Massenet. Conducted by Gary Bertini. Soloists include Renée Fleming, Richard Leach and Laurent Naouri; Jun 21  
Théâtre du Châtelet Tel: 33-1 42 33 00 00  
● Salome: by R. Strauss. Conducted by Semyon Bychkov, performed by the Orchestre de Paris. Soloists include Catherine Malfitano, Kenneth Riegel, Anja Silja and Robert Hale; Jun 15

**PETERBOROUGH**  
**FESTIVAL**  
Peterborough Cathedral Festival  
● Peterborough Cathedral Festival 1997: this year's highlights include performances by Larry Adler, the Endymion Ensemble and the Yoshimoto String Quartet. The opening concert is by the Bournemouth Symphony Orchestra, with conductor David Shallon and pianist Pascal Rogé, in works by Debussy, Saint-Saëns and Berlioz; from Jun 20 to Jul 2

**RAVENNA**  
**FESTIVAL**  
Ravenna Festival Tel: 39-544-482494  
● Ravenna Festival 1997: highlights include performances by the Orchestra of the Accademia di Santa Cecilia, conducted by Myung-Whun Chung, the Philharmonic Orchestra and Chorus of La Scala with Riccardo Muti, the Maurice Béjart Dance Company, the Vienna Octet and the Orchestra of Tuscany. The opening concert is by the Bayerisches Staatsorchester; from Jun 19 to Jul 26

**ROME**  
**CONCERT**  
Accademia Nazionale di Santa Cecilia Tel: 39-6-3611064  
● Stabat Mater: by Rossini. Conducted by Myung-Whun Chung; Jun 17

**SAN FRANCISCO**  
**EXHIBITION**  
SFMOMA - Museum of Modern Art

Tel: 1-415-357-4000  
● Paul Klee: Here and Beyond, The Djerassi Collection: exhibition featuring a selection of 20 works by the Swiss artist, ranging from portraits to abstractions, from landscapes to figurative works. The presentation also includes pieces never before displayed at the Museum, such as 'Negride Schönheit (Præcision)' (1927), a rare depiction of Josephine Baker; to Jul 29

**SINGAPORE**  
**DANCE**  
Victoria Concert Hall Tel: 65-338 1230  
● Chitrassana Dance Company: choreographed by Dr Chitrassana in traditional Sri Lankan dance to live percussion. Part of the 1997 Festival of Asian Performing Arts; Jun 19

**ST IVES**  
**EXHIBITION**  
Tate Gallery St Ives Tel: 44-1736-795543  
● A Quality of Light: exhibition featuring both contemporary art inspired by the light and landscapes of St. Ives and a display focusing on the rich artistic heritage of the area. Artists represented include Bridget Riley, James Hugonin, Martina Kramer, Ben Nicholson, Barbara Hepworth, Naum Gabo and Terry Frost; to Nov 2

**STOCKHOLM**  
**EXHIBITION**  
Nationalmuseum Tel: 46-8-6664250  
● Ferdinand Boberg: exhibition of work by one of Sweden's leading architects, centring on two rooms he created: Oscar II's salon and the Boberg Room. Also on display are items of furniture, textiles, ceramics and other applied art objects; to Sep 1

**STRASBOURG**  
**CONCERT**  
Palais de la Musique et des Congrès Tel: 33-388 37 67 67  
● Orchestre de Chambre Franz Liszt: with conductor and flautist Jean-Pierre Rampal, harpist Marielle Nordmann and flutist Claude Arimany. Part of the 55th Strasbourg Festival of Music; Jun 19

**SYDNEY**  
**EXHIBITION**  
Art Gallery of New South Wales Tel: 61-2-2251700  
● Giorgio Morandi 1890-1964: the first exhibition of Morandi's work to be held in Australia, featuring 31 paintings and 60 etchings. The Italian painter specialized in still lifes made up of common objects such as bottles, lamps and cans, working with subtle combinations of colour that produced an overall feel of serenity; to Jul 13

**OPERA**  
Sydney Opera House Tel: 61-2-250-7127  
● Don Giovanni: by Mozart. Conducted by Roderick Brydon, performed by Opera Australia; Jun 14

**VANCOUVER**  
**FESTIVAL**  
Du Maurier Ltd International Jazz Festival Tel: 1-604-682-0706  
● du Maurier Ltd International Jazz Festival Vancouver 1997: this year's festival features performances by the Dave Brubeck Quartet, the Bill Fissell Quartet, Herb Albert, Dee Dee Bridgewater, Otis Rush and the Sonny Fortune Quartet; from Jun 20 to Jun 29

**VENICE**  
**EXHIBITION**  
Biennale di Venezia Tel: 39-41-5218711  
● Biennale 1997: the 47th International Art Exhibition is the centrepiece of the 1997 Biennale and an attempt to merge past and present by displaying recent work by artists represented in previous Biennales over the last 30 years. The exhibition will be divided between the Central Pavilion and the Corderie, surrounded by smaller displays by the various international representatives taking place in this year's event; from Jun 15 to Nov 9  
Palazzo Grassi Tel: 39-41-5231680  
● Dalle Fiandre e Paesi Bassi l'antica storia dell'arte moderna: exhibition of Dutch and Belgian art of the 20th century, featuring 150 works by artists including van Gogh, Ensor, Magritte, Delvaux, van Dongen, Stuyters and Appel; to Jul 13

**VIENNA**  
**EXHIBITION**  
Kunstforum der Bank Austria Tel: 43-1-5320644  
● Warhol, Beuys, Richter, Naumann: Vier Sammlungsblöcke aus der Stiftung Froelich: display of works from the Froelich collection, featuring 120 German and American pieces. It is the first time that the collection has been shown in its entirety in Austria; from Jun 18 to Aug 24

**WASHINGTON**  
**EXHIBITION**  
National Gallery of Art Tel: 1-202-7374215  
● Crown Point Press: while other workshops were focusing on lithography and screenprinting in the 1960s and 1970s, Crown Point Press became the preeminent place for painters and sculptors interested in etching. This exhibition ranges from minimalism to realism and runs from Jun 8 to Sep 1

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# Weekend Investor

Wall Street

## Who'd want to be a bear these days?

Investors are happy to keep the equities bandwagon rolling, says Tracey Corrigan

It is becoming harder than ever to be a bear on Wall Street. Despite plenty of evidence that the market is overvalued, it just keeps hitting new highs.

Grant's Interest Rate Observer, a Wall Street newsletter, tells the tale of a Smith Barney broker in Long Island who drives a BMW with the licence plate Dow 7500.

Previously, he drove a Cadillac with plates stamped Dow 5000. Before that, it was a Plymouth with Dow 3000 plates.

Even though he warns that "something is gonna hit the ol' Westinghouse fan" sooner or later, the broker remains bullish.

According to some observers, however, the bull market in US equities has become a craze, rather like the wave of enthusiasm for the Tickle me Elmo doll which was sold for thousands of dollars last Christmas.

"It's more maniacal than usual," says long-time bear Michael Metz, a strategist at Oppenheimer. "There is an absolute certainty that [the US economy] is going to have a soft landing."

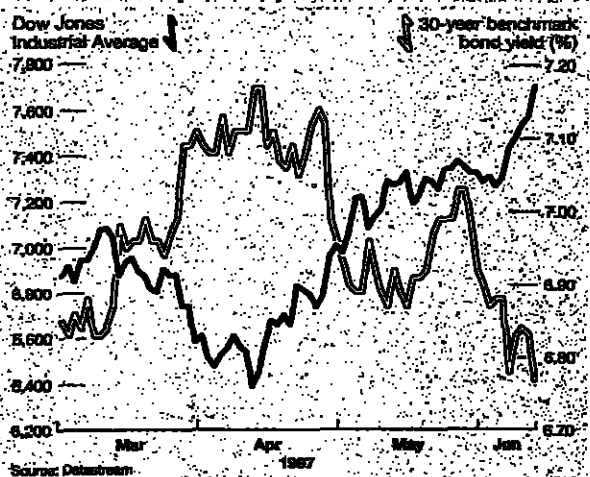
According to Metz, the market has discounted the ideal scenario of low inflation, low interest rates and rising earnings not once but several times over. In fact, he believes, there will be disappointment on all three fronts.

Inflationary pressures are showing through in material prices and interest rates are set to rise. Corporate earnings growth, always based on expanding margins rather than unit gains or pricing power, has peaked and the levels of earnings growth - of three or so times gross domestic product growth - seen in the past few years will not be repeated this year.

Trevor Greetham, Merrill Lynch's global strategist, agrees that rumours of a soft landing have been exaggerated greatly. "Leading indicators of economic activity still suggest more strength is ahead," he argues.

"There has never been a time when the economy just slowed down on its own. It has had a weak patch, but there won't be a slowdown until there is [further] tight-

### Hitting new equity highs



ening."

Investors, though, seem either to have decided there will be no further tightening or that it will be small enough not to make a dent in the continuing market rise. The latest Merrill Lynch/Gallup survey of US equity fund managers illustrates the scale of the turnaround in expectations this year (although their views may not be quite the same as those of bond managers, of course).

As of early June, only 55 per cent of US equity fund managers expected the US Federal Reserve to raise rates over the next year, and the average 12-month forecast was for a Federal funds rate of 5.7 per cent - just one small rate rise above the present level of 5.5 per cent.

That compares with the 70 per cent who said in May they were looking for further rate rises. Back in February, on the other hand, before the Fed's surprise rate increase in March, a mere 36 per cent were looking for an interest rate rise in the next year.

Furthermore, warns Greetham: "Fund managers in the US have the lowest cash levels for 20 years, and there are two call options trading [on US exchanges] for every put option. That's a bad sign."

But the fact remains that the cautious investor has been the victim of the bull market, which has so far taught that fear is more dangerous than greed. Grant's describes bears as "standing under a shower of money holding under an umbrella".

The bulls' argument is

As the baseball manager Yogi Berra said: "It's like déjà vu all over again."

The economy has been growing steadily for several years, the stock market is soaring, house prices are rising, the consumer has cash to spend in the high street. It is tempting, in the circumstances, to draw parallels between 1987 and 1997, but does a comparison make sense?

From a stock market point of view, one can point to the continuing round of takeover speculation and the excitement over new issues; one can even see, in the saga of Lancia and the Co-op, the echoes of some of those shell company bids (Benlo and Storehouse, for example) that characterised the 1987 bull market.

These are certainly good times in the City. Bonuses are buoyant; the streets around the offices of investment banks are replete with

sports cars; and teams of analysts are being head-hunted by rival firms.

So should one be worrying that a repeat of the crash is round the corner? History rarely repeats itself so neatly. For a start, the current round of takeovers has a far greater cash element than it did in 1987. Then, the rights issue was the favoured route for predators. "When companies start issuing a lot of paper, that's a sign we're near the top of the market," says Bob Sample, market strategist at NatWest Securities.

At present, share buy-backs and special dividends are a sign that companies are still keen to return cash to their shareholders. Secondly, the boom seems at a much earlier stage. The housing recovery is, if not in its infancy, still in its adolescence; consumers may be about to go mad with their building society windfalls, but there have been few

signs of excess to date.

The pace of events was rather faster back then. The UK economy grew by 4.3 per cent in 1987, and by an amazing 5 per cent in 1988; the OECD's forecast this week predicted growth rates of 3 per cent and 2.7 per cent for 1997 and 1998 respectively.

Short-term interest rates averaged nearly 10 per cent in 1987, compared with today's 6 per cent plus; gilt yields were a good 2½ percentage points higher than their current level.

As the graph shows, the stock market's rise in 1997, while rapid, has not been anything like as fast as it was 10 years ago.

Furthermore, the use of Footsie as a benchmark flattens the current market; the FTSE 250 index has risen only 2.1 per cent this year. The "small company effect" was all the rage in 1987, with minnows such as Acis Jewellery measuring gains in thousands, rather than hun-



Bull market: is it 1987 all over again?

dreds, or per cent.

In terms of valuations, the 1997 market looks much less exposed than its 1987 counterpart. The price-earnings ratio on the non-financial index is 19, higher than it was in early 1987, but below the peak of 21 reached before the crash.

The dividend yield of 3.45 per cent on the All-Share is well above the pre-crash low of 2.85 per cent. Because interest rates and gilt yields are much lower now than they were then, the market looks less exposed relative to bonds and cash than it did 10 years ago.

For example, in 1987, you could get almost double the return from cash than from shares, in terms of the earnings yield (the inverse of the p/e) and three times as much in terms of dividend yield. Now, cash offers only 1.25 times the earnings yield and less than twice the dividend yield.

In short, there is no need to get too nervous, in the UK at least, about 1987/97 comparisons. Perhaps we are at the equivalent stage to late 1986, but there is still some way to go before the bubble really inflates. A warning sign might be enthusiasm for penny stocks.

This is not to say the UK market is invulnerable to a decline. Markets can fall without crashing and arguably the signs of overvaluation may be clearer in the US than in the UK.

For much of this week, the thought of decline seemed the furthest thing from

investors' minds. Footsie notched up repeated all-time highs, and even had a £3.6bn takeover to get its teeth into.

The bid from Pacificorp of the US for Energy Group marks yet another shift of parent for Eastern Electricity, a core component of the bid target. It has already been taken over by Hanson and demerged, with Peabody Coal, as Energy; the company must spend a fortune on headed notepaper.

As well as potentially injecting cash into the market, the bid will provide a test of the new Labour government's attitude towards takeovers. Caution about this factor kept Energy's share price well below the bid price yesterday.

The financial sector remains a hive of rumour-making, and share prices quickly recovered from their post-Halifax indignation. Traders are licking their lips once more; the grey market in Norwich Union, which starts official trading on Monday, indicated demand will be healthy for the insurance company's stock.

But the driving force behind the market was the buoyant international background. Wall Street was breaking one barrier after another, as investors decided the Federal Reserve would not raise interest rates and Europe, after a wobble on Monday, proved sanguine about the prospects for monetary union.

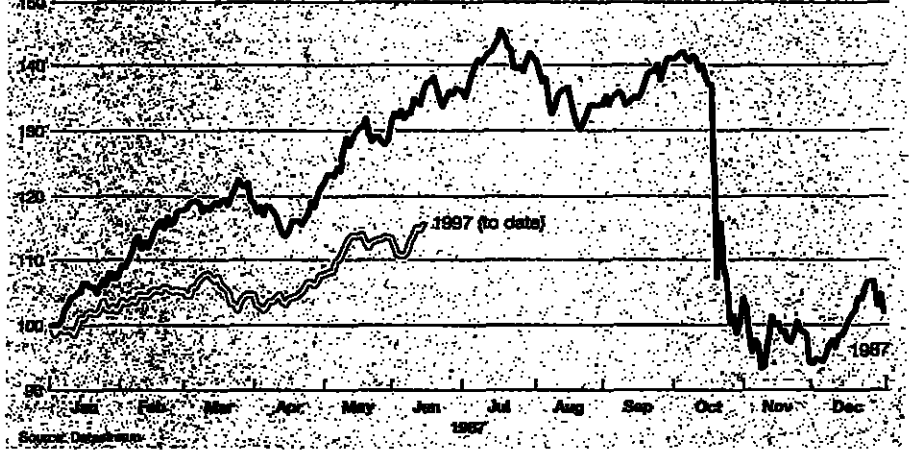
Over the couple of weeks before the Budget, it seems likely that the international markets will continue to set the tone for London.

## No need for nerves

Philip Coggan asks if comparisons make sense

### Not yet repeating history

FTSE 100 index (base 100)



### Highlights of the week

Price	Change	22-month	52-week
FTSE 100 index	4783.1	+138.1	3612.6
FTSE 250 index	4988.1	+112.9	4729.4
Amersham Int	1809½	+25½	1810
BAT Inds	255½	+1½	411
Bank of Scotland	389½	+32	429½
Energy Group	648	+84½	585
Gallagher	301½	+20½	312½
GE2	278	+2	307½
Imperial Tobacco	477	+29	439½
Scottish Hydro	120	+10	110
Johnson Matthey	547½	+78	581
Lloyds TSB	841½	+40	881
Norwich Union	446½	+38	447½
TeleWest Comm	88½	+15	171
United Utilities	647	+184	711½
United Utilities	647	+184	711½

The company which issued a profits warning last week was JD Sports, not JLS Sports.

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## Why risk is so necessary

A collapse here and there is not always bad

The biggest challenge facing Britain's proposed new all-embracing financial regulatory body - the extended Securities and Investments Board - will not be how to keep the financial system unblemished. Paradoxically, it will be how to allow financial firms occasionally to collapse so that, from time to time, investors lose money *pour encourager les autres*.

So far, the new government's month-old plan to roll up the existing investment regulators with banking supervision, formerly the preserve of the Bank of England, has met with approval - even enthusiasm - from consumer bodies but a certain amount of sniping from the City of London. The City's wholesale market institutions fear they will end up paying for such expensive retail accidents as the mis-selling of personal pensions.

Unfortunately, there is a serious danger of encouraging excessive expectations among the public. If Howard Davies, chairman-designate of the Super-SIB, does not make it clear that private individuals will retain a significant degree of responsibility for their own decisions, his job will not last longer than the new regime's first serious financial mishap.

It is so easy for the aims of financial regulation to be misunderstood. One is systemic stability; that is, the protection of the financial system against a serious accident, and especially against a chain reaction of

problems now focus on poor advice, as with home income plans and pensions' mis-selling.

John Sadler, former chairman of Pearl Assurance, and David Simpson, an adviser to Standard Life, admitted in an FT article last week that the reputation of the retail investment industry among the public has got worse than ever. Competition is ineffective, in that good products are not driving out the bad.

People should pick the product provider carefully. All too often, the salesman chooses *them* instead

being offered. Indeed, some institutions are "too big to fail". But, two years ago, Barings was adjudged small enough to be let go. Holders of its unsecured loan notes learnt a very expensive lesson although its depositors got away with it, which seems unfair. But then, that is how investment risk operates.

All of us can protect ourselves against investment risk by using prudent diversification, by doing some research, by taking expert advice and, not least, by moderating our greed. The much easier course, however, is blame the government when things go wrong.

After nine years of regulation under the Financial Services Act there are fewer outright collapses of investment firms, like Barlow Clowes. But regulation of the intermediaries has made only limited progress, and the education of the public has got almost nowhere. The

collapses of individual investor protection is at quite a different level: the intention is that reasonable members of the public should not be swindled by crooked or incompetent practitioners.

Some risk must be left in the system, however, or the authorities are simply giving an open-ended guarantee. All too often, of course, personal investors believe that is what is

them out as carefully as they would a new car or refrigerator. Perhaps Howard Davies should spell out their consumer responsibilities more forcefully if he wants to escape the blame when things go wrong. The public, though, expects protection, not criticism.

These issues will come to a head if the government decides to go ahead with a scheme to phase in compulsory personal pensions. The providers will have to be specially approved and the products will need to be standardised in design and strictly controlled in costs. The government could scarcely avoid giving at least implicit guarantees of financial and administrative soundness, given that people will be forced to buy such products; what happens if investment performance turns out to be disastrous is more of a moot point.

Could the idea of different levels of regulation be one to build on for the future? It would need careful control. Grade B products might try to masquerade as Grade A. After all, investors in Barlow Clowes thought they were investing in safe gilt-edged, but had actually trusted their money to a dubious Gibraltar fund owning a luxury yacht and various speculative investments.

At any rate, roll on the Super-SIB. Under the integrated new regulatory structure, we will at last know exactly where to complain. Yet, the reply could be: you have lost your money, but the financial system is healthier for it.



## In the Pink

Germany and Italy are going that way according to forecasts for the millennium, says **Brian Reading**

**Bigger bills for the elderly is factored into most public spending projections, less output from the young is not. A demographic time bomb is set to explode to coincide with the planned single currency**

unemployment from undecimating most of their budget cuts.

But the need to meet the currency stability criterion obliges all to follow the German Bundesbank's monetary stance. Efforts to make the budget more flexible will lead either to continued stagnation and higher unemployment or the collapse of the exchange rate mechanism (ERM).

Maastricht criteria were crazy from the outset. Equally crazy, though, is the idea of real economic convergence. European economies differ fundamentally in many ways, not least in GDP growth potential. This is, largely, the result of differing demography.

The potential GDP growth of an economy depends on how fast labour productivity (output per head) rises

ulation Projections 1994-85 from the World Bank show that British and French working-age populations are set to grow between 1995 and 2005 by 0.3 and 0.4 per cent a year respectively, while those of Germany and Italy fall by 0.3 and 0.4 per cent respectively.

West German participation rates rose rapidly before unification, thanks to a flood of migrants from the east. All German participation rates are falling, due to early retirement in east Germany. They may now stabilise unless helped out again by (unpopular) immigration.

French and Italian participation rates have been falling gently and Britain's rising gently. If these trends are extrapolated over 1995-2005, Britain's labour force will grow by 0.3 per

cent, which vary with the business cycle, are forecast to rise everywhere except Germany, and working-age populations to rise everywhere but Italy.

If both 1995-2005 averages and 1986-98 short-term forecasts are right, German and Italian labour forces will both collapse around the millennium. The more they rise over 1995 to 2000, the more they must fall over 2000 to 2005. When short-term forecasts and long-term projections are stitched together, German potential GDP growth slumps to 1.5 per cent a year in 2005 and Italy to 1.0.

Population projections generally are accurate. All those aged 16 to 64 in 2005 have been born already and death rates change very slowly.

Participation rate fore-

ria in 1997 helps into insignificance compared with the task of defusing this bomb. Both need major long-term reform programmes to cut public spending from their present excessive levels.

Britain - and, to a lesser extent, France - is placed far better. Public spending in the UK is a bit over 40 per cent of GDP against 50 per cent in Germany and nearer 55 per cent in Italy and France.

If Tony Blair leaves well alone, Britain will have the fastest growth along with the lowest taxes and unemployment in Europe. Germany and Italy, unless they act fast, will be the sick men of Europe. Heaven help them if they also are tied into an idiotically contrived ERM.

■ Brian Reading is a director of Lombard Street Research.

## ■ Results due next week

Company	Sector	Shares	Value £'000	No of directors
<b>SALES</b>				
Admiral	SSer	100,000	445	1
Chiroscience	Ptfrm	800,000	2484	1
Financial Publ	OTHF	42,000	95	1
Hay & Robertson	Text	400,000	580	2
Mace	SSer	1,487,500	109	1
Naxt	RetG	9,000	68	1
Provident Financial	OTHF	7,950	46	1
Sainsbury (J)	RetF	8,098	29	1
Select Appoints	SSer	180,000	805	1
Saverfield	Eng	7,500	38	1
Sinclair Montrose	Hlth	32,082	73	2
Southern Vectis plc	Tran	40,000	29	1
Surrey Group	L&H	10,480,790	175	1
WEW Group	RetG	80,000	11	1
Christies Int'l	RetG	200,000	596	1 *
Hammerson	Prop	63,189	303	2 *
Moss Bros	RetG	75,000	108	1 *
<b>PURCHASES</b>				
Beattie J	RetG	10,000	16	1
Benson Group	Eng	19,500	10	3
Berleford Int'l	Eng	14,500	20	1
Blick	Elec	24,845	61	4
Cairn Energy	Oil	10,000	52	1
Chiroscience	Ptfrm	8,000	24	4
City Centre Rest	Brew	32,000	41	2
Global Group	Phm	500,000	110	1
Grasby	Elec	11,094	17	1
Greenway Hldgs	SSer	40,000	18	9
Hughes (TJ)	RetG	20,000	19	1
Incepta Group	Mlts	550,000	107	1
Lambert Smith Hmptn	Prop	50,000	50	1
Loftus Road plc	L&H	85,000	42	2
London Int'l	Hlth	50,000	86	1
M&Hrida plc	HGOD	200,000	287	1
Provident Financial	OTHF	2,000	12	1
Scottish Asten	OTHF	25,000	84	1
Southern Leisure	L&H	11,000	45	1
Swansea VR	SSer	11,000	11	2
Super Hill	BCON	12,500	10	1
Toy Options Grp plc	L&H	8,000	10	1
Unilever Group	FdPr	1,180	20	1
Vickers	Eng	11,000	24	3
Welmoughs	PPPG	16,879	45	2

Company	Section	Amortment date	Last year interest	Dividend (%)	This year interest
<b>RURAL DIVIDENDS</b>					
Atlantic Telecom Bp	Med	Tuesday	0.00	-	-
Consumer Homes Bp	B&E	Friday	0.4	0.3	0.4
British Seal	Eng	Monday	3.0	7.0	3.0
Imperial Light	B&E	Tuesday	5.5	0.0	7.5
Imperial	Asia	Wednesday	-	-	-
Imperial	Asia	Thursday	2.7	5.4	1.0
Imperial	Asia	Thursday	0.7	1,000	-
Imperial	Asia	Wednesday	2.2	3.0	2.2
Imperial	Asia	Friday	2.4	4.3	2.4
Imperial	Asia	Thursday	1.0	-	-
Imperial	Asia	Thursday	0.3	3.3	0.3
Imperial	Asia	Wednesday	-	-	-
Imperial	Asia	Thursday	0.35	0.35	0.35
Imperial	Asia	Thursday	12.0	15.0	12.0
Imperial	Asia	Monday	2.0	5.25	2.0
Imperial	Asia	Tuesday	3.85	9.01	4.25
Imperial	Asia	Wednesday	0.325	0.555	0.43
Imperial	Asia	Wednesday	-	20.00	-
Imperial	Asia	Thursday	0.5	1.0	0.5
Imperial	Asia	Tuesday	0.75	1.5	0.9
Imperial	Asia	Monday	1.5	3.0	1.5
Imperial	Asia	Monday	1.5	3.0	1.55
<b>SYSTEM DIVIDENDS</b>					
Imperial	Asia	Monday	-	-	-
Imperial	Asia	Tuesday	0.0	1.85	-
Imperial	Asia	Wednesday	-	-	-
Imperial	Asia	Monday	-	-	-
Imperial	Asia	Tuesday	-	-	-
Imperial	Asia	Friday	0.4	1.0	-
Imperial	Asia	Friday	0.8	0.35	-
Imperial	Asia	Friday	-	1.40	-
Imperial	Asia	Tuesday	-	0.95	-
Imperial	Asia	Tuesday	1.5	3.0	-
Imperial	Asia	Monday	0.8	-	-
Imperial	Asia	Monday	0.95	-	-
Imperial	Asia	Tuesday	0.802	3.115	-
Imperial	Asia	Tuesday	2.35	-	-
Imperial	Asia	Tuesday	-	25.00	-
Imperial	Asia	Tuesday	-	-	-
Imperial	Asia	Tuesday	5.3	2.7	-

\*Dividends are shown net prices per share and are adjusted for any intervening scrip issue. Reports and accounts are not normally available until about six weeks after the board meeting to approve preliminary results. †1st quarterly, ‡ 2nd quarterly, \* 3rd quarterly, †† Yearly dividend, ‡‡ Split dividend. This list is not necessarily comprehensive since companies are no longer obliged to notify the Stock Exchange of imminent announcements.

## ■ Last week's preliminary results

[illegible]

## Current takeover bids and mergers

Stock	per share	price	value	sector	
APC	100	106.95	10,695	Software	
Applied Distib	45	43.94	4,221	15.84	Thibault & Britin
Books Converting	815 <sup>1</sup>	80.74	84,774	84.78	Valiant
Circle Karnings	78 <sup>2</sup>	75	6,750	4.74	Star Star Group
Culture Hldgs	28 <sup>2</sup>	27	24	7.59	Administr
Energy Group	690 <sup>2</sup>	650	948	3.90	Positiv
Ent. (S&A)	234	23.6	5,516	12.65	Prospers Inds
Ent. Group	454 <sup>1</sup>	54.8	47,314	10.85	US Hldgs
Entertainment Hld	177 <sup>1</sup>	173	128	76.65	BUPA Finance
Grampton TV	321	31.8	31,014	105.93	Scottish Media
Grummett (E)	5774	55.65	615	23,000	Guthrie
Interspace Water	208 <sup>2</sup>	255	185	18.41	Aquilar Water
Lampwork	161 <sup>1</sup>	162	155	18.89	Transworld
Phenetic Timber	23 <sup>2</sup>	22.6	20.8	37.32	Co-op Int'l Bus Pd
Play Car Homes	338 <sup>2</sup>	325	317.2	15.36	Hickman Bus
Recreation	28	15.4	28	16.64	Melrose (A)
Recreation Int	228 <sup>2</sup>	210	156	85.5	Car E&S Indus
Waterford Fds (V)	127	130	80	65.05	American

Values in parentheses otherwise indicated. <sup>1</sup>All cash offered. <sup>2</sup>For capital not strictly held.

Unconditional. <sup>3</sup>Based on audited prices 12/8/87. <sup>4</sup>555 shares and capital not strictly held. <sup>5</sup>Cash

Unconditional. <sup>6</sup>Based on audited prices 1/26/20/87. <sup>7</sup>400 shares in form of 2000 shares.

## Directors dealings

One of the largest sales of the week was at Hay & Robertson, the branded clothing and accessories group, where Lance Yates, the chief executive, and George Shand, the finance director, sold 400,000 shares between them at 140p each.

This followed a good set of interim results in May and a very upbeat statement by the chairman.

However, the shares have outperformed the market by 77 per cent over the last year.

## ■ Last week's interim results

[illegible]

**Dragon Oil** is to raise \$55m via a 3-5 rights issue @ 2p.  
Ex-dividend fluctuation is to raise \$55m net via a 1-8 rights issue @ 17½p.

## ■ Offers for sale, placement & introductions

**Ethical Holdings** is to raise £20m via an institutional placing.  
**Galen** is coming to the market via an institutional placing.  
**Ionic** is coming to the market via a placing which will value it @ approx £600 - £800m.  
**Ted Baker** is coming to the market via a placing expected to be worth about £20m.

## Bids/Deals

After days of intense negotiation, PacifiCorp yesterday made a recommended offer for Energy Group that values the Anglo-American company, recently demerged from Hanson, at \$3.60bn, writes *Virginia Marshall*. The US utility is offering \$35.5p a share, a 24 per cent premium to the close on June 9 when the companies announced they were talking.

□ **Yorkshire-Tynes Tees Television** ran into opposition from large institutional shareholders over plans to recommend a bid from rival Granada, which already holds a 27 per cent stake. Granada's bid of £11.75 a share values YTT at £710m, a price believed to have been agreed by the chairman but considered too low by some shareholders.

□ **Scottish Media** moved closer to taking over Grampian Television, buying 19.9 per cent of the Aberdeen-based ITV company in the market. The £20p price is the same that Scottish is offering, in a £105.6m agreed bid, for Grampian's entire share capital.

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## FT WEEKEND

## True Fiction

## A boring old nightingale makes good

The oilfields of Azerbaijan have bred an unlikely hero, says John Thornhill

No one took Boris Solertinsky seriously when he said he would buy Texxon. Perhaps it was the ill-fitting leather jacket that he wore on shopping trips to London, or the very wide, extremely loud necktie that fell awkwardly beyond a garish belt buckle encrusted with what must have been fake diamonds.

But the Russian oilman did seem to have the companionship of confidence when he toured the floor of the London Stock Exchange in 1995, telling rough jokes that lost none of their crudity in translation, and making clear his intentions towards the largest and most winsome of the Seven Sisters.

Three years later, it happened. Solertinsky struck. Like so many other companies, Texxon was vulnerable after the stock price collapse of November 1997. With six brokers buying simultaneously, each unaware of the other's role, "Tintin" Solertinsky

and Rusoil scooped up 30 per cent of an oil giant that all had thought impregnable.

But who is he? Where was he born? Baku - is that a city or a missile? Solertinsky. Expertise from the oil fields of Azerbaijan? Is he mafia? Colombian connections? Has he really just bought that enormous mansion flanking St James's Park?

"Ira, come here," Solertinsky growled in the hoarse whisper that was his trademark. In walked a statuesque blonde, late 30s, wearing Gianfranco Ferré florals, seemingly a size too small and a little more revealing than the designer had intended. Just like the genuine pink

diamonds in his belt, the presence of Ira, his "personal assistant", at international oil conferences (Venice, Nice, the Tunisian resort island of Jerba), had made Solertinsky easy to mock.

But Ira had come top of her class at Moscow State University and had done a postgrad at Harvard Business School.

Ira summarised a sheaf of reports about the Texxon bid, her voice mixing the cadences of Pushkin's language with the dissonant Russified jargon of Anglo-Saxon finance.

"The bells of the Cathedral of Basil the Blessed are tolling for Texxon. The blood of its manhood has been spilled. Our position is as long as destiny itself."

She glanced up to see her boss staring at an oil painting of his grimy, gritty hometown of Baku. Perhaps, she thought, he was contemplating his earliest years of poverty in an oil refinery worker's home. His father fixed pipeline leaks and was missing for days and weeks, returning with his clothes stained with oil and his face pale from exhaustion.

But Solertinsky was not repelled. Oil excited him. He loved the smell, and asked again and again for his father's tales of the Americans whose backyard the Socialist Hero of the Irksome Gusher awarded for his der-

Beverly Hillbillies, the black gold, the Texas tea, and the cars longer than a Kremlin cavalcade.

Then he thought of his own pioneering days in Siberia, when, in bitter, unbelievably cold winters, idle workers would amuse themselves by urinating in the freezing air and then jump back as a spear of an icicle would threaten to impale them.

The driven young oilman developed fields amid Siberia's icy wastes and, in summer, mosquito-infested swamps, earning a chestful of medals for his contributions to "building the motherland". His favourite was the Socialist Hero of the Irksome Gusher awarded for his der-

ring-do in blowing out a well fire with nothing more than a stick of dynamite and a box of soggy matches.

Then Solertinsky was reflecting on his buccaneering adventures in the mid-1990s when he had shuffled the country's vast oil assets with the finesse of a poker player on a hot streak. Enduring the patronising slights of foreign oil executives, Tintin listened carefully to the capitalists, separating the boastfulness from the basics.

He learned that you need the assistance of skilled accountants, so he hired Whoopers & Floss. His books had never looked better. Then he found famous bank-

ers courting him. For Russians in the old, closed days, these resonated like the names of Hollywood stars: Charlie Chaplin and Chase Manhattan. It took him a while to get accustomed to the company.

They flew home to their Long Island dinner tables to tell tall tales of the "Wild East". Solertinsky's "openness" to foreign investors seemed all the more remarkable compared with the Neanderthal nationalism of his peers. The general conclusion, reached in a dozen confidential reports for a dozen different boards, was that a deal with Rusoil would mean a large foot in the Russian door.

How remarkable, Solertinsky thought, are the market forces of the west. That they should fight to give me the money, and then take me by the hand to Texxon. My father was right to keep reminding me of his favourite, most profound saying: "in a land without birds, even a fart sounds like a nightingale."

## Metropolis

## The home of lost innocence

Twenty five years on, the faded opulence of Watergate symbolises Americans' attitude towards their government, says Bruce Clark

All the best suites at the Watergate Hotel look down on the Potomac. The broad, stately waterway, which gives little hint of the rapids only 10 miles to the north, still looks fresh and clean as it glides towards the city from the Appalachians.

But after the bend, where the waters enter the capital's heart, they turn brackish. And the mighty Potomac is downright polluted by the time it meets the Anacostia River, whose south bank is an urban war zone.

In any case, river-gazing is not the only reason why an unusual number of visitors will be coming this week to inspect the faded pebble-dash fortress of Watergate, a complex of office buildings, luxury boutiques and apartments for grand old Washingtonians, such as former Senator Bob Dole.

On Tuesday, it will be a quarter of a century since the most famous burglary in political history - when five men in suits, ties and surgical gloves were discovered rifling through the files of the Democratic National Committee on the 11th floor.

What began as a sordid tale of larceny, carried out in the small hours of June 17 1972 by four Cuban-Americans and a former technician from the Central Intelligence Agency, ended two years later with the downfall of President Richard Milhous Nixon.

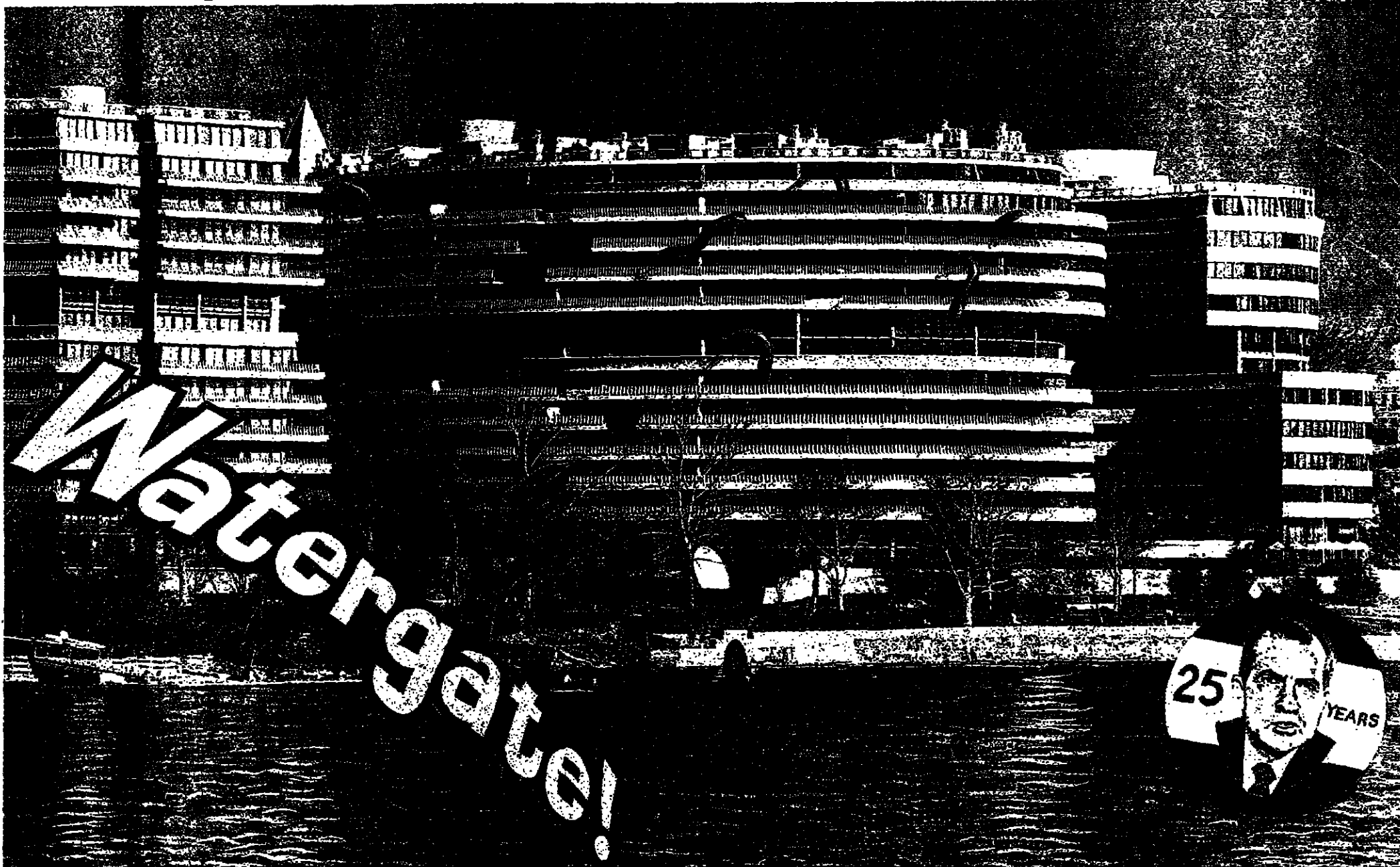
To mark the occasion, the hotel is offering "a steal of a deal" on its riverside suites, with "milk and cookies at turndown, complimentary parking, breakfast in bed and a Watergate break-in souvenir amenity..."

On the eve of the anniversary, there will be a "break-in party" in the ballroom, complete with a Nixon impersonator, waiters dressed in secret service attire and "cuisine from China to mark Nixon's historic relations with that country..."

But real aficionados of the weird political psychodrama that left 25 people in jail and spawned more than 200 books may find greater interest in a more modest establishment over the road.

Room 723 of the old Howard Johnson - now Premier - Hotel has become a shrine for Watergate buffs. That was where three of the conspirators, former FBI and CIA men, monitored the break-in. They apparently failed to realise that a vehicle pulling up outside was a police car.

But however freely the Watergate pilgrims imbibe their Nixon



souvenir champagne (a snip at \$100 a bottle) they will never fully understand the sordid, mysterious tale which still informs the political culture of America.

To this day, the greatest scholars of the Watergate affair have no clear idea of why the burglary took place, or whether Nixon himself ordered it. Professor Stanley Kutler, whose book *The Wars of Watergate* reflects 15 years' work, 60 interviews and thousands of documents, lists half a dozen hypotheses without adopting any of them.

It is clear, he says, that Nixon was obsessed with gaining infor-

mation of all kinds about his Democratic opponents. But what exactly did the burglars want to know? Was it information about Republican and Democratic users of a call-girl ring? Was it evidence of links between the Democrats and left-wing radicals? Were they simply removing wire taps they had planted earlier?

One intriguing version, now discounted by Kutler as too conspiratorial by half, holds that the CIA wanted the break-in to fail in order to discredit Nixon, who two weeks earlier had ordered a purge of the agency.

Yet another theory maintains

that the presidential camp wanted to see what the Democrats knew about a large financial contribution to the Nixon campaign from the military regime then ruling Greece.

So controversy over campaign contributions from questionable Asian sources - possibly including the Chinese government - to Clinton's Democrats is by no means the first instance of foreign money becoming an issue in Washington politics.

For many observers, the Nixon era led to a permanent loss of innocence in America's political Eden.

In Kutler's words: "At the time of Watergate, it was shattering for people to discover that the government was lying... but now they just shrug their shoulders and ask what else is new."

But perhaps, the American enterprise has always been a strange, oxymoronic mixture of soaring idealism and ruthless cynicism - after all, both qualities are needed in a young, pioneer nation where the victory over the wilderness does not feel entirely complete.

Even the most jaded visitor - or resident - can still feel inspired by the experience of fly-

ing over Washington: so dignified, at least from that distance, and yet so improbably small. (And shrinking - as middle-class blacks follow whites to the suburbs, the District of Columbia is losing 10,000 residents a year.)

But on the approach to National Airport, it almost feels possible to stretch out and touch the landmarks: the Capitol, the White House, Arlington cemetery - and the graceful, curving towers of Watergate, with ramparts like serrated teeth.

Along with the Kennedy Arts Center next door, the completion of the Watergate complex in 1967

helped give a more contemporary flavour to a city that felt in parts - and can still feel - like a sleepy, segregated, southern town. For today's Washingtonians, the slightly dilapidated facade evinces genteel comfort - and ironically enough, security.

Leafy Georgetown, home of the city's power-brokers, is not entirely free of muggers. So Watergate affords a safe, well-guarded haven for the affluent elderly - people who have seen enough political scandals to be philosophical - as they sit and watch the river flow onward and get dirty.

## Arcadia

## How we got over the hump

An expedition to track wild camels in a Chinese desert skated on thin ice. John Hare reports

By Friday the strain was beginning to show. The great wind and sand storm that had destroyed much of our tentage had also scattered our domestic Bactrian camels and sent them racing back towards the Altun Tagh mountains more than 100kms away had occurred the previous Sunday, April 13.

We were perched high on a cliff overlooking the dried-up lake bed of Lop Nur in China's Xinjiang province. We were well over 350 kms from our base camp and we had no radio.

Zhao Ziyu, our expedition guide, domestic camel broker, former wild camel hunter, gold medal-winner as "the ninth all-time explorer of China", lay slumped in one corner of the tent, breaking off the glass tops of an endless supply of small bottles of liquid ginseng. Jasper Evans, rancher and camel-breeder from Kenya, ground hard maize kernels - which had been brought as camel food - to supplement our dwindling rations.

I played endless games of backgammon with our team-leader's son, young Yuan, who won with a monotonous frequency. His father stood on a hillock performing Chinese exercises to "relieve his brains".

Each one of us was aware of the mind-concentrating fact that our remaining water supplies

would compel us to start walking towards base camp and safety in two days' time. Jasper was concerned about a creaking knee (he is 72). Zhao about his "bad blood" (he is 63) and to complete this contingent of oldies there was the head herdsman (65), our leader Professor Yuan (59) and me (62).

We had come to Lop Nur not to sip ginseng and grind maize but to survey the wild Bactrian camels' winter and summer grazing areas, in Lop Nur and the Altun Tagh, and to discover their migration routes over the formidable Kum Tagh sand dunes that lay directly in between.

But we had been forced to change our plans. The initial foray over the Altun Tagh to the desert of Lop was to have been made in our two vehicles and our base was to have been established near a freshwater spring. But plans in the Gobi are frequently altered. The ice in the riverbeds that we had planned to drive over was thawing earlier than expected and our lorry sank in a soft patch.



What would the committee have done?

So, in the company of the 17 domestic camels we had brought with us to cross the desert, we went up and down over mountains reaching heights of 12,000ft. The camels slithered down the riverbeds. One disappeared in an ice crevasse and had to be dug out with pick-axes. On the descent we had to construct a

staircase of rocks to allow them to navigate a rock face. Had our vehicles managed to navigate the icy riverbeds, they would certainly have been abandoned here.

This survey was important. The Chinese authorities had accepted the proposal to establish a Lop Nur Nature Sanctuary in an attempt to save the last genet-

ically-pure herds of wild Bactrian camels. But before the exact area (nearly twice the size of Germany) could be finalised, we had to establish the migration route to make sure that it was included within the sanctuary boundary.

The mission had been completed. Our one piece of modern equipment, a Global Positioning System (GPS) donated by Jardine Fleming, the Hong Kong investment bank, had ping-ponged the map references, and we were all set to return exhausted but triumphant, when the great wind came.

The walk back would have meant crossing more than 150km of pebble-strewn, featureless and lifeless desert. We would then face the Kum Tagh sand dunes and struggle over that uncharted barrier for 25km.

The final 125km would cross the rock-strewn gullies and dry riverbeds of the Altun Tagh mountains. Our camels could cover this in four days. With each team member carrying his own food and water and with "bad blood" and a "creaking

knee" how long would it take us on foot?

On the Friday afternoon one of our herdsmen had a vision. He forecast that the two herdsmen that we had sent off the previous Monday to track the camels would return early on Sunday with all the fugitives. This provided us with a welcome diversion from humping Tamarisk branches up the cliff-face to keep our nightly beacons ablaze.

On Saturday evening, a swallow appeared. Swallows are flock birds and are not normally seen in Lop Nur. The bird circled around Jasper and me in a series of figure-of-eights practically brushing our clothing.

We remarked on its strange behaviour and concluded that it must be a migrating bird that had lost direction. However, moments later a shout went up. On the horizon of the featureless desert to the south, tiny specks had appeared. The herdsmen had found our camels.

We returned to base in three days - just in time to stop the authorities mounting an air and

overland search.

Have the findings of this expedition and those of our two previous expeditions to other areas of the proposed sanctuary saved the camel? Some funding has been received from Shell China, but the balance needs to be found urgently. If not, the combined effects of illegal hunting and mining could wipe out the wild camels of Lop Nur in less than five years. Since China has abandoned nuclear testing to the north of the lake, many opportunists are casting covetous eyes at possible mineral deposits in one of the last wilderness areas.

These wild Bactrians are the last remnants of the herds that were domesticated more than 4,000 years ago. DNA tests are being conducted to try to confirm that their genetic make-up is different from that of the domestic Bactrian. But their ability to survive in this hostile, barren wilderness on a diet of salt water and minimal vegetation makes them infinitely worth saving.

Further details from: John Hare, *The Wild Camel Protection Foundation, School Farm, Benenden, Kent TN17 4BU, tel: 01850 241132, fax: 01580 249590. His book on The Lost Camels of Tartary will be published by Little, Brown next year.*

No 1184: 1 Oct 1997, 2 Feb 1998, 3 BBS and maybe next time.

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